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Provence-Alpes-Côte d'Azur (PACA) region****Delphine Mercier**  
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## The emergence and renewal of forms of industrial coordination in the Provence-Alpes-Côte d'Azur (PACA) region

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Recent years have seen a revival of interest in questions linked to the spatial aspects of firms' economic activity. Nowadays, after all, the organisation of space is being shaped by a dual trend, towards the increasing globalisation of competition, on the one hand, and the territorialisation of the use and construction of the resources mobilised by firms, on the other (Rallet 2000). Under these circumstances, the question of how these two processes are articulated is critical to any understanding of the factors determining the competitiveness of firms that are both rooted in a particular territory and operating in a global competitive space.

In this article, however, we will be focusing on territories and the factors determining their competitiveness. In particular, we are interested in the conditions that enable a territory to construct and renew the resources required for sustained economic activity.

This question becomes all the more important in the case of territories where economic activity is based mainly on long-established traditional industries that are having to adjust their mode of integration into the global competitive space.

This paper presents the results of research into the processes of transition and adaptation that have been at work over the past 25 years in four traditional productive systems in the PACA region: the agro-food industries of the Lower Rhône Valley, the Provence mining area, the fragrance and perfume industry centred on Grasse and the shipbuilding yards of La Ciotat (Garnier et al. 2004). The aim of the research was to analyse the nature of the changes (their origin, substance and consequences) that had taken place in these productive systems and to reveal the factors structuring those changes and the actors who had played the decisive roles. One of the hypotheses underlying the research was that analysis of past and present transitions might be one way of revealing the factors that determine a territory's competitiveness.

The unifying thread guiding our investigation will be the analysis of *proximities*, whether they be geographical, organisational or institutional. We will analyse them in terms of the emergence and renewal of 'networks of interactions' which, as they are constructed and deconstructed, may or may not lead to the establishment of local forms of industrial coordination, which may be spontaneous, deliberately striven after or enforced. The term 'network of interactions' will be taken to mean 'the privileged locus of more or less complex coordination mechanisms'.

This will lead us to trace the 'trajectories' followed by these forms of industrial coordination and to identify the *maturation phases* that enable a new form of industrial coordination to emerge and renew itself.

Our analysis is structured around three interdependent investigations.

The first of these involves identifying an *initiating event* (or set of convergent factors) that created the conditions for the development of a particular form of industrial coordination. In the case of the four territories under investigation here, it seems to us self-evident that context plays a structuring role in the emergence of new forms of coordination.

The second stage in the analysis involves describing the *role of the actors and institutions* in the emergence and renewal of local forms of coordination. In the case of the four territories under investigation here, the various institutions intervened at different times and, more critically, in very different ways. It is nonetheless the case that their interventions exerted a major influence over the forms of coordination and in some cases produced irreversible effects.

The third and final stage of the analysis is to identify a '*ladder of innovation*'. The aim here is to reveal the processes through which this emergent or renewed system might (or might not) survive and adapt. The ladder is itself made up of three elements: the strategic positioning of firms, their ability to construct resources and their networks of formal or informal interactions.

It is on the articulation of these three dimensions that a territory's ability to renew itself and to produce the conditions under which it can reproduce or reposition itself depends.

We begin by examining the various approaches to the 'local' and specifying the notion of territory adopted in our analysis. We then go on to outline the analytical and methodological framework in which our research is located. Finally, we present the results of the research carried out in the four territories, which will enable us to identify the conditions that determine whether or not these forms of industrial coordination have the capacity to renew themselves.

### **The resurgence of territorial analyses: from geographical proximity to institutional proximity**

Questions of locality, proximity and territory have been the object of considerable theoretical interest for several years. As conducted in the literature, however, the debate falls within the scope of numerous different categories and problematics: innovative milieux, local productive systems, industrial districts, clusters, etc. and several different disciplines (economics, geography, sociology). However, there is currently one point of agreement in the literature with regard to the notion of territory. Territories do not, it is agreed, decree themselves into existence nor are they the result of a formal request or application. Territories are a construct brought into being by the practices and representations of the actors operating within them or with whom they interact and, at the same time, the result of an analytical process (Bellet, Colletis and Lung 1993). Studies carried out over the last 10 years have repeated

this assertion time and time again and embodied it in the ways in which territory is theorised (Gilly and Torre 2000, Bouba-Olga and Zimmermann 2002). As a result, the analysis has been extended from a concept based on the physical, geographical space to a notion of territory that incorporates the various sets of interrelationships between actors, which are themselves based on various forms of proximity.

### **Geographical proximity**

Drawing on studies by Krugman (1991, 1995), economic geographers have introduced a spatial dimension into economic thinking. Space is no longer analysed solely from the point of view of transport costs or land prices but also in terms of its ability to generate increasing returns on the basis of agglomeration phenomena.

Economic geography seems to have provided answers to three major questions about the economic organisation of contemporary spaces, namely:

- the effects of the spectacular fall in transport costs which, far from encouraging dispersion, allows the other agglomeration factors to come into play (in particular economies of scale and the linkage between differentiation strategies and consumers' preference for variety);
- variety and heterogeneity as the basis of polarisation phenomena;
- the dynamics of polarisation (application of the notion of path dependency to space: locations are very closely linked to initial conditions, which themselves are often 'historical accidents').

However, this approach leaves unresolved questions concerning, for example, the externalities that play a major role in the agglomeration of activities or the forces that limit concentration by encouraging dispersion.

The approach to geographical proximity has been extended in recent years to take into account the fact that the space in which economic actors operate has expanded and become more complex.

True, firms make choices with regard to location; at the same time, however, they operate in distant markets and gather resources in a multiplicity of different spaces. Thus firms are simultaneously a part of their local space and of faraway spaces (Nachum and Keeble 2003). This raises the question of what role geographical proximity actually plays when the space in which firms operate expands as a result of globalisation (Rallet 2000), particularly since geographical proximity is not always a guarantee of a high density of organisational proximities. It is this duality that now characterises the approach to geographical proximity.

Since the local is becoming an aspect of the global (Pecquer and Zimmermann 2002), there is a need to investigate firms' 'territorial rootedness' strategies, which should now replace mere locational strategies in the analytical framework. This change makes it necessary to take account of a second form of proximity.

### **Organisational proximity**

Geographical proximity does not in itself guarantee the existence of dense and cohesive relations between economic agents. Analyses of proximity are thus enriched by investigations of organisational proximity.

This form of proximity is based on two different organising principles, respectively termed similarity and membership.

According to the membership principle, those actors who belong to the same relational space (firm, network, etc.) are close from an organisational point of view. Consequently, various types of interactions will develop between them. According to the similarity principle, it is actors who resemble each other, that is those who share the same reference space (representations) and knowledge (modes of operation) (the American neo-institutionalists speak of organisational field), who are close in organisational terms. These two principles can be linked (Gilly and Torre 2000).

Studies of industrial clusters stress organisational proximity (Porter 1990, Enright 1996). In this approach, an important place is still accorded to the local or territorial dimension but it is not the main anchor point, since geographical concentration is not an indispensable condition for the formation of a cluster. Rather, it serves as a context conducive to their formation (Zimmermann 2002). From this point of view, clusters are systems of actors that resemble 'small worlds' (Milgram 1967; Watts 1999). Thus the question of the interactions between them is more pertinent than that of their geographical proximity.

Traditionally, a distinction has been made between intentional interactions (those arising out of the interplay between the actors) and unintentional interactions, which are the result of technical conditions or the distance between the actors. Analysis of unintentional interactions has its roots in the Marshallian tradition. It provides various pointers as to the nature of agglomeration processes at local level (notion of externalities). Intentional interactions are many in number and may take a variety of different forms: formal, informal, market, non-market (market exchanges, contracts, cooperation, partnership, etc.) (Gilly and Grossetti 1993).

These various types of interactions are the means whereby actors coordinate with each other. Consequently, there are various modes of coordination, which often exist alongside each other:

- coordination through prices, market coordination;
- non-price coordination: external effects;
- non-price coordination: trust, collective action, role of institutions.

This initial inquiry into organisational proximity and the diversity of modes of coordination has gradually revealed a need to locate local actors within '*their complex and contradictory relational systems*' in such a way as to show '*how a social system and an industrial system can become sufficiently closely linked to constitute a system of social and professional relations that can be understood only at the level of the overall urban entity and of the area or region*' (Gannes 1992). This brings us to a third form of proximity.

### **Institutional and/or social proximity**

For some years, economic analysis of proximity has been enriched by concepts borrowed from sociology. After all, no analysis of proximity can be confined to exchange relations (coordination through prices), any more than physical proximity can be limited to a question of distance. Proximity, whether physical or organisational, is likely to give rise to other forms of relations. And if it is to produce learning effects, it may well require another type of proximity, namely institutional proximity.

Consequently, any attempt to analyse modes of coordination (and this is one of the basic assumptions underlying the 'proximity approach', one of the founding acts of which was the R.E.R.U. special issue of 1993) must take account of the social contexts in which economic actors operate. Depending on the individual authors, the analysis is thereby extended to encompass: 1) the embeddedness of economic activities in systems of social relations, which Granovetter (1985, 1994) sought to demonstrate by reactivating the notions developed by Polanyi (1944), 2) the frameworks for interpreting actions highlighted by adherents of symbolic interactionism (Goffman 1973) and 3) the problematisation of the relationships between actors and structures (Giddens 1984).

From this point of view, a territory can become a factor in **social proximity** (which is defined in terms of shared references) and a joint resource, since the sharing of such resources generates debate, or even conflict, and can be a source of contacts and mutual positioning.

The analysis of industrial districts that emerged from studies of the functioning of certain regions of Italy (Bagnasco 1977, Becatini, 1987, 1990, Paniccia 1998) and of 'local industrial systems' revealed an alternative form of industrial development (Piore and Sabel 1984) and thereby highlighted the importance of norms of obligation and cooperation in the exchange process. Thus *'in order to move from a concept of local industrial or business systems as mere clusters of independent units to one that takes account of the effects of a structured system, it is essential to place at the heart of the analysis the existence and production of common social rules that structure the behaviour and strategies of the various protagonists'* (Saglio 1991). Thus the exchanges that develop between firms belonging to the same industrial network lead to the establishment of 'preferential choice systems' and, mediated through shared beliefs and values, economic exchanges become transformed into 'social exchanges'. Industrial districts are far more than mere concentrations of industrial activity since they are based on communities of human beings (Harrison 1991). This in turn is reflected in the performance of the firms that constitute them (Molina-Morales 2001).

The corollary of this embeddedness of economic activities in systems of social relations is the fact that agents or actors rely for their coordination on *institutions*, which can be understood as value systems, sets of codes, formal rules and informal constraints (North 1990) that may be embodied in actual institutions (forms or structures) that seek to uphold them. Thus the actions of individuals or of groups take place within an institutional space that represents a constraint but which those actions help to produce at the same time (Giddens 1984). Thus proximity is socially constructed and may be the result of the deliberate and renewed strategies and actions of a multiplicity of actors. Defined in this way, institutional proximity makes it

possible to define a border or contrast between inside and outside within which the actors can be located. This proximity may be based on the membership principle (in which case it is derived from the actors' attributes and characteristics) or on the affiliation principle (in which case it is based on a deliberate choice by the actors).

However, such a concept of proximity minimises the complexity of social relations. Institutional or social proximity does not, for all that, mean institutional or social sameness. The notion of frame developed by Goffman (1973) helps to clarify this question.

Goffman argues that our perception of reality depends on principles that structure events and enable us to give them meaning: these are the frames with which we interpret our observations. A frame makes it possible to define a situation. Without it, a situation would remain a disordered set of unconnected occurrences. Furthermore, a frame serves not only to give meaning to activities but also to form commitments. The value of this concept is that a frame does not exist in vacuo. Rather, it is contextualised, which means it can be redefined depending on the situation, which can itself vary depending on the time and place of the interaction. This variability of interpretation and of the reference systems mobilised by the actors engaged in an interaction reveals the complexity of the social structuration of the forms of coordination within a given territory. Since different individuals and groups coexist with each other and, furthermore, since any one individual's interpretation of the situations experienced can vary, reality, and hence territories, can be described as 'layered' (Broussard, Mercier and Tripier 2004)<sup>1</sup>.

Thus territories have now emerged as a dynamic combination of these three aspects of proximity, that is the geographical, organisational and institutional dimensions (Colletis, Gilly and Pecqueur 2001), with concentrations of firms being distinguished from each other by the dominant form of proximity. Now one of the questions repeatedly raised by studies of territories is that of their dynamic. Today, the most widely shared hypothesis is that a territory's dynamic should be regarded as necessarily associated with the existence of shared reference points, that is with a minimum level of institutional proximity.

## **Proximities and the dynamic of industrial coordination**

### **Institutional proximity: precondition for or obstacle to territorial dynamic?**

By identifying these three forms of proximity, three separate modes or categories of local development (or territorial trajectories) can also be singled out. They are denoted by the terms clustering, specialisation and specification (Celletis, Gilly and Pecqueur 2001; Perrat and Zimmermann 2002).

**Agglomeration** is based on a geographical concentration of heterogeneous economic activities that are not, on the face of it, complementary. There is no industrial logic at work. The concentration of firms is the result of a search for external economies, which may be generated by public policies intended to attract firms (tax advantages, infrastructure development, etc.).

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<sup>1</sup> In a somewhat similar way, Veltz (1996) speaks of the 'fractal' territory, which is both more homogeneous overall and more fragmented locally.

The process of **specialisation** is based on an economic fabric with a strong organisational structure dominated by one industrial activity or product. In contrast to the preceding case, there is an industrial logic at work here that is reinforced by a geographical logic.

The process of **specification** characterises a territory in which the mode of coordination between economic agents, in addition to the effects of organisational complementarity, allows for a degree of flexibility in the development of resources, activities and competences without shattering the territorial context in the process. This process depends on the creative capacity of the industrial fabric, underpinned by public and/or private structures, to combine resources and assets flexibly, which gives it the means to change the direction of the territory's economic evolution. In this last case, the question of dynamic takes on a different meaning to the one it had in the first two cases. The problem is no longer that of perpetuating a particular productive combination but rather how to establish a **territory's capacity to mobilise itself in new combinations and to create new resources**.

These three forms of development require modes of coordination that increase in complexity from agglomeration (coordination through prices) to specification (coordination through non-price mechanisms: cooperation, trust, etc.).

Thus taking account of different forms of proximity has made it possible to identify formations similar to what Gilly and Grossetti called 'territorial productive systems', which are organised and historically constituted entities characterised by long-term relations of proximity between actors in possession of a collective productive dynamic. The ability of such systems to endure is the result of their capacity :

- to reproduce themselves (endogenous capacity);
- to coordinate their constituent organisations by means of cooperative relationships;
- to reproduce and construct **specific** resources, particularly human resources;
- to incorporate and endogenise external resources and constraints.

These systems are defined in terms of their ability not only to allocate but also to create resources, which already places them in a dynamic context. In such systems, the creation of resources and the (re)creation of territory are two overlapping processes. Thus in our investigation of territories' competitiveness, the question of resource creation will occupy a central place.

From this point of view, history, time and the construction of individual and collective trajectories become key factors in understanding the structuration of a territory and the changes it goes through. Taking the institutional dimension into account makes it possible to capture a territory's dynamic, since institutional proximity both involves and requires '*learning mechanisms and means of establishing collective cognitive structures and irreversibilities...*' (Pecqueur and Zimmermann 2002). These learning processes are made possible, it is argued, by the embeddedness of economic and productive activities in the systems of social relations linking individuals and groups (Gilly and Grossetti 1993).

However, the concentration on institutions leads to an emphasis on homogeneity and shared conventions and a disregarding of the heterogeneity of territories and of the representations (or frames, to use Goffman's terminology) that exist within them (Veltz 1996). Now it seems to us (and this is one of the points we seek to emphasise) that a territory's dynamic may be linked to a double set of forces: the sharing of experiences, plans and representations, on the one hand, and a capacity for differentiation and the presence of multiple frames of references, on the other. After all, social innovation – that is a capacity for invention and the adoption of new modes of cooperation and coordination – is primarily the result of the interdependencies generated by the diversity of actors involved in the process (Gordon 1989). In this sense, **learning cannot take place within excessively homogenous communities.**

### **The territorial dynamic as a combination of context, systems of actors and processes of interaction**

Drawing on the literature outlined above, our aim of shedding light on a territorial dynamic that emerges out of the tension between the integration and differentiation of values leads us to propose an analytical distinction based on the principles for the study of change set forth by Pettigrew (1990).

#### ***Context***

Change is a complex phenomenon that requires a contextual approach. There is no one single cause of change. Rather, its origins are multiple and interdependent<sup>2</sup>. The evolution of territories is driven by the combined effect of adaptation mechanisms and endogenous changes and the integration and edogenisation of external constraints and shocks. This is all the more true since the notion of localised forms of activities has now been enriched by the recognition that the local space cannot be conceptualised independently of the global space, which is one of the elements of Rallet's notion of the 'situated agent' (Rallet 2000). Agents are both 'here and elsewhere'. They engage in their activities within a given physical space, but their reference action space (from which they draw their resources and to which they contribute their productive output) is much broader than that in which they physically operate. The first dimension of our analytical framework will, therefore, be made up of endogenous and exogenous contextual factors that create the conditions for the emergence and transformation of a local form of 'local coordination'. At the same time, this context has to be viewed from an historical perspective. The past shapes the present and the future. In this sense, each territory's development is characterised by a path dependency whose uniqueness is due to the presence of certain categories of actors and their specific modes of interaction.

#### ***The systems of actors***

Thus the particular changes a territory goes through are the result of processes of coordination between various actors (Colletis, Gilly and Pecqueur 2001; Perrat and Zimmermann 2002). They may be:

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<sup>2</sup> Van de Ven and Poole (1995) develop the same idea, taking as their starting point the notion that change is driven by a number of different 'engines'

- economic actors (firms, individual establishments belonging to groups, associations of undertakings, etc.);
- institutional actors (territorial/regional authorities, state, chambers of commerce, etc.)
- social actors (trade unions, associations, etc.).

Incorporating these various groups of actors into the analysis serves as a basis for defining the notion of **local or territorial governance**, which makes it possible to conceptualise the inputs contributing to the development of territorial trajectories.

*'This governance is defined as the process of constructing compatibility between the various institutional proximities that bring together geographically close (economic, institutional, social) actors with a view to resolving a new productive problem or, more broadly, implementing a local development project.'*

Colletis, Gilly and Pecqueur (2001) identify three main structures of territorial governance depending on the key actors involved in them:

- *private* governance: private actors play the dominant role in energising and managing the coordination and resource creation systems;
- *collective private* governance: the key actor is a formal institution in which various private operators play the leading roles;
- *public* governance: public institutions are the driving force in local coordination systems.

In most cases, however, territorial governance structures are *mixed*. In the case of the various areas under investigation here, we will be seeking to identify the dominant type of governance which, as we will see, may both be created by the territorial trajectory and bring about shifts in the territorial dynamic.

### ***The ladder of innovation***

The final stage of the investigation involves exploring the territorial dynamic from the point of view of the local economic actors' capacity for innovation, that is their ability to create specific resources. What ultimately underpins a territory's durability is not the combined effect of resource allocation mechanisms but rather its ability to create resources of a kind that will produce the conditions for the reproduction and/or redevelopment of the local economic space.

After all, in the light of the configuration of the international competitive space and the comparative advantages enjoyed by certain countries, the territories we have studied have no option but to construct their competitiveness on the basis of very specific strategic choices, particularly by taking non-price competition as the basis for their activity. Multinationals can, of course, play an active role in the development of territories (Dunning 2000). However, the current trend for firms to be 'nomadic' (Zimmermann 2002), which puts pressure on territories to compete with each other in drawing up their industrial and development policies, forces territories seeking to remain competitive to rethink their mode of integration into the international division of labour and thus, upstream, to offer resources that are not easily transferable in order to encourage firms to maintain their local operations.

The scale and frequency of the interactions (forms of cooperation) may then become a key factor in the territorial dynamic, since it is through the intensity and duration of the interactions that system development and change may manifest itself (Gilly and Torre 2000)<sup>3</sup>. These interactions give rise to flows not only of individuals but also of information and knowledge, both tacit and explicit. The question of physical proximity becomes important again when organisational proximity is based on the exchange of tacit knowledge. Thus the various forms of proximity are not independent of each other. Geographical proximity facilitates cognitive interactions, but such interactions require organisational proximity (whether based on similarity or membership) and even institutional proximity.

## Research methodology

The research on which this paper is based examined the changes in the productive system in PACA, taking as its starting point the principles driving the transition process in traditional industries in four areas in the region (*see annexe*). The purpose of analysing these changes was twofold. Firstly, we were seeking to identify the conditions under which the competitiveness of firms operating in these areas could be maintained or renewed. Secondly, since an area's economic competitiveness determines the local capacity for job creation, it was necessary for us to investigate the ways in which local human resources have been adapted and new resources of potential value in the development of traditional activities have been attracted.

The following four transition processes were investigated:

- the changes introduced in the agro food business in the Lower Rhone Valley;
- the cessation of mining in the Provence mining area and the emergence of new micro-electronic industries in the Upper Arc Valley;
- change in the fragrance and perfume industry centred on Grasse in the Alpes Maritimes;
- the restructurings following the closure of the shipyard in La Ciotat that led to the construction of the Athélia, Gémenos and Aubagne enterprise zones.

Our analysis of these various sites was driven by a dual geographical and industrial principle. We concerned ourselves primarily with particular geographical areas. Within these areas, however, we focused our attention on only one part of the industrial fabric. In each of the territories, we selected one particular industrial space to investigate: in the Lower Rhône Valley, agro-food industries rather than the construction/public works or mechanical engineering industries; in the eastern part of the former Provence mining area, micro-electronic industries rather than logistics, chemicals or metalworking; in Grasse, the fragrance and perfume industry; and in the area affected by the closure of the shipyard at La Ciotat, we studied only those industries established on the former shipyard site and in the Athélia, Gémenos and Aubagne enterprise zones.

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<sup>3</sup> Incidentally, Dyer and Singh (1998) show that relations and partnerships between actors in the same territory create value (what they term a 'relational rent').

Since the purpose of the research was to reveal the principles driving change, that is to understand and explain processes, we adopted a qualitative methodology based on gathering information by means of observations, interviews and primary and secondary documentary sources. This is the only method that makes it possible to analyse complex phenomena, including qualitative variables with ill-defined boundaries (Miles and Huberman 1984; Yin 1994).

Various information sources were used:

- interviews with company directors, managers and workers, as well as with trade unions in some companies (189 interviews in total);
- meetings or group interviews with the same categories of interviewees as well as with some directors' associations (15 in all);
- interviews and meetings with representatives of the public institutions or associations involved in the transition processes (92 in all);
- a postal questionnaire sent to company directors in cooperation or by agreement with local company directors' associations (135 responses in all);
- participation in various study days, conferences and industry events;
- analysis of statistical data.

In addition, numerous sources of secondary information on these areas were consulted.

## **Empirical research: the factors behind the emergence and renewal of forms of industrial coordination in PACA**

### **The role of context: the triggering events**

Since the four areas investigated differ markedly from each other, the events leading to renewal of the organisation of economic activity were necessarily unique in each case. Nevertheless, right at the outset of the research, we were able to identify two categories of transition or change in the local industrial fabric that reflected two different types of context.

#### ***Discontinuity vs. continuity***

Thus in some cases we identified **radical changes**, in which the development of the productive system had been characterised by a more or less complete **break** with the past, with traditional activities disappearing virtually completely and being replaced by new activities that did not necessarily have any link at all with the older industries. The restructuring of the productive system in the Provence mining area and the changes that followed the closure of the shipyard in La Ciotat fall into this category.

The **mining area**, whose industrial fabric had developed from the 17th century onwards as a result of lignite mining, had been undergoing radical restructuring since the 1970s onwards; this restructuring affected not only the existing productive capacities but also workers' skills and the kinds of jobs on offer. It was in the 1970s, when it became almost certain that the mining industry would shut down completely at some point in the future, that the public authorities, initially implicitly and later explicitly, began to encourage **micro-electronics companies** to set up in the area.

In addition to various forms of state assistance, the area also fulfilled a certain number of the conditions the companies required to pursue their activities, including flat terrain, an abundance of water, attractiveness for skilled workers and the presence of academic research establishments. Nevertheless, despite a restructuring process that was radical in terms of introducing new activities, it is not possible really to identify a single 'triggering' event in this area. Various events contributed to the radical change in the area's industrial fabric, including the establishment of the first micro-electronics factory at Rousset in the 1960s, the diversification at P echiney into specialist aluminium oxides, the successive closures of the coal mines, the Coal Plan, the Multi-Component Plan, etc. In recent years, the area has entered a new phase of the transition process as a result of the withdrawal of state assistance, which has reduced the area's attractiveness, and the intensification of competition in the micro-electronics industry. The globalisation of corporate strategies in this sector, combined with market volatility, have created uncertainty about the industry's future, with firms manoeuvring, in ways that are difficult to predict, between their local rootedness and the opportunities for mobility within transnational networks.

On the other hand, in the case of the industrial fabric of **La Ciotat**, three triggering events can be identified. We use the term 'event' almost in a 'psychoanalytical' sense, since we are dealing with events involving drastic changes. The first was the closure of the shipyard, which was enforced by European policy on the distribution of shipbuilding facilities. This event was fundamental, since it was a 'trauma' that was to give rise to a whole series of measures and reactions that would affect the whole territory. Whether they were wounds or acts of reparation, the reverberations of this first traumatic event left their mark on the industrial fabric and created the conditions for the economic restructuring of the company town. The second event, which is closely linked to the first, was the implementation of two types of public policy. The first was a social welfare policy put in place to counter the opposition generated by the closure of the shipyard; like any act of reparation, this policy restored a certain degree of social harmony, thereby helping to subdue the various rebellions and demands. This social welfare policy was coupled with a nominalist economic policy which was to lead, for the first time in France, to the establishment of a tax-exempt enterprise zone. These forms of economic development, which have been rigorously tried and tested in developing countries, have often been put in place in order to take advantage of a cheap labour supply, attract foreign capital or develop local industry (Mercier 1997). The economic policy put in place in La Ciotat led to the very rapid development of an industrial area that is still today regarded as having been grafted on to the company town. This graft is still in the process of being integrated (that is, it has not yet been rejected). However, it seems to us that, from the establishment of the very first company until today, this enterprise zone has not yet acquired the characteristics that would help it become a coherent part of La Ciotat. Both these events were triggered by public policy decisions taken with a view to linking the development *at the top of the town* with the closure *at the bottom*. However, the link between top and bottom has not been made in the way the actors would have wished.

However, a third event influenced the trajectory taken by La Ciotat, one over which politicians and policymakers have had little control, namely the establishment of new companies on the former shipyard site. Obviously the development of the site was

the responsibility of the semi-public investment company (société d'économie mixte)<sup>4</sup> set up for the purpose. Initially, however, its role was more to bring in major companies likely to attract significant levels of activity that would reinvigorate the shipyard. For the most part, however, it was not large companies that set up on the site but rather small, unstructured, informal enterprises, far removed from the stereotypes of conventional companies. As Garnier and Mercier (2003) put it, many of these businesses are headed by 'sailors turned managing directors'. This third event is now leaving its mark on the history of La Ciotat.

So there we have three decisive events: a closure, a voluntarist policy and an unexpected endogenous development.

We also identified a **process of change** that we describe as **continuous or adaptive**. In this process, the old activities remain but have to change. There is a certain degree of continuity in this change and the new activities that emerge have some connection with the previous ones. It is this kind of change that has taken place in the fragrance and perfume industry of Grasse and the agro-food industries in the Lower Rhone Valley.

**The Grasse fragrance and perfume industry** continues to dominate the area's industrial fabric, but it has undergone some significant changes during two separate transitional periods. The first began as early as the 1950s and 60s with a process of restructuring and amalgamation among the local companies and the arrival of investors from outside the area or even the industry. From the 1980s onwards, these acquisitions were to give rise to further restructurings and a significant change in the area, notably because they triggered a pronounced trend towards the establishment of small firms by former managers of these companies, either after they had lost their jobs or because they did not agree with the changes introduced by the new bosses. During this first period of transition, the territory and the companies operating in it underwent a dual structural change. The previous mode of economic and social organisation, based around a few medium-sized family firms with several hundreds of employees engaged in upstream extraction activities, gave way to one based on small firms (half of the firms in the industry now have fewer than 50 employees and about one quarter fewer than 10) engaged in activities further downstream (production of fragrance compounds). At the end of the 1980s, the area entered a new phase that saw a further strengthening of the process that was already under way. Today, the industrial fabric of Grasse is subject to a bundle of constraints that tend to shape local firms' strategic choices. These constraints include an acceleration of product life cycle and the wider diffusion of products, the concentration of the industry, the emergence of new key factors in judging success in the industry (volume, price, marketing), the extension of standardisation and certification systems, increased regulatory pressures and the spread of environmental concerns.

The agro-food industry in the **Lower Rhône Valley** developed in the second half of the 19<sup>th</sup> century out of the production and consignment of early fruit and vegetables. The area's industrial fabric can be defined in terms of both its historical geographical centres (Châteaurenard, Cavaillon and Carpentras) and the activities that have developed there and the changes they have been through. There are three key

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<sup>4</sup> The SEMIDEP was established in 1994, with a brief to encourage the development of the former La Ciotat shipyards.

phases in the development of this productive system, which are linked to exogenous and cyclical factors of a technical and organisational nature. The first was the establishment of the processing industry at the end of the 19<sup>th</sup> century. This provided the basis for the development of agro-food companies as part of a process of industrialisation that gathered pace in the 1960s as agriculture itself became industrialised. The second key phase was the modernisation of marketing and distribution. Again, these developments were closely linked to the circumstances of the 1970s. This modernisation had considerable implications for the constitution and spatialisation of the industrial fabric. The third key phase, at the end of the 1990s, was characterised by two major phenomena: the rise of the market and distribution principle and the liberalisation and globalisation of trade. These factors completely changed the structure of the area's industrial fabric, propelling on to the international stage an economy that was still very traditional but had suddenly to deal with all types of regulations structuring the movement of food products and forced to submit itself to standardisation and certification procedures that compelled food producers to effect a transition from tradition to extreme modernity.

Despite the diversity of contexts, this comparison reveals three common features.

Firstly, irrespective of the territory under consideration, it is evident that the global economy has a direct impact on the local economy, confirming the arguments advanced by authors such as Rallet (2000) or Pecqueur and Zimmermann (2002) that territories and the firms operating in them are part of a global strategic architecture in which each individual territory represents only one level. The conditions of competition are increasingly impacting directly on the development of territories. This is reflected in growing tension between, on the one hand, an endogenous dynamic and the rootedness of productive systems in territories and, on the other, the increasing loss of the territorial dimension in the trading and mobility dynamic of the firms that make up those systems. One of the main reasons for this is that many firms in the four areas are now part of companies that operate within transnational networks or are themselves transnational. The scale and configuration of these networks and companies are likely to evolve with great rapidity and volatility and hence to change their modes of integration into local territories with the same rapidity and volatility. What we are actually witnessing is a **weakening of the traditional forms of proximity**. Geographical, organisational and, particularly, institutional proximity have long been closely interlinked, with the physical territory acting as the matrix for the other forms of proximity, or rather the receptacle for those proximities. The processes of deterritorialisation observed in the various areas highlight a twofold trend. Firstly, the other forms of proximity are no longer embodied in the physical territory, which now operates in the same way as the other elements (actors, organisation, etc.). Secondly, there is a preponderance of new actors in the productive systems that are integrated more into international networks but intervene directly in the territory, taking advantage not of the physical space but rather of the organisational and innovative space created by networks and interactions.

Secondly, in all these territories, there are varying degrees of path dependency, which reflects the lasting influence of key moments, of events that punctuate the history of each of these productive systems and produce both radical change and crystallisation, creating new irreversibilities each time. In Grasse, the apparent failures represented by the buy-out and resale of certain companies – the former

Sanofi subsidiaries are a perfect example – appear at the same time to have triggered a succession of spin-offs that were to revitalise the territory's industrial fabric. In La Ciotat, the abortive Grand Mistral project proved to be the breeding ground from which many of the small companies headed up by former sailors were to emerge. The second Multi-Component Plan in the Provence mining area and the establishment of Gemplus at Gémenos and La Ciotat are also emblematic events that marked a turning point in the territories' trajectories. In the Bouches du Rhône, the development of logistical services was also to alter the organisation of the physical space, while the forces at work in the distribution system were to lead to fundamental changes at the heart of the agro-food production system.

Finally, these events led to the construction of a different history for each territory, since the process of endogenisation was mediated through the various modes of appropriation and internalisation adopted by the actors in each territory. This leads to the realisation that the history of each territory and the events that punctuate it cannot be dissociated from its social space. They have left their imprint on geographical structures, whether inherited or constructed, on urban structures and social networks and on the vestiges of customs, values and representations. The processes of transition in the various productive systems are constrained or energised, accelerated or slowed down as a result.

### **Actors' dynamics: both evolutionary and structuring**

The changes that have occurred in the four territories must also be interpreted in terms of the principles animating the principal actors in each area (what some would describe as 'local governance'). From this point of view, there has been a shift within the space of a few years from a very contrasting situation depending on the type of transition effected within each territory to one characterised by a general trend towards convergence in the four territories.

Thus **until the 1980s**, the four territories could be clearly distinguished from each other by the nature of the actors operating within them, with some driven by the effects of discontinuity and others, in contrast, by those of continuous adaptation.

In the **two economic restructuring zones**, La Ciotat and the Provence mining area, the arrangements put in place by the public authorities were centralised and cumbersome; the actors were essentially national ones whose actions were governed by national or societal principles. The dominant part played by the state can be explained by its major role in the local productive system and by the fact that serious social crises had first to be checked or averted. In both cases, the state had a strategic role as the guarantor of national independence in the shipbuilding and energy sectors, acting as an entrepreneur in its capacity as the supervisory authority of the Charbonnages de France (French Coal Board) and of the shipyards and as the regulator of industrial relations. Thus the state invested considerable resources in dealing with these crises, particularly since it had played a part in triggering them by closing the mines and the shipyards.

In both these territories, the transitions were based on aid, development and promotion measures put in place by groups of public actors at departmental, regional and national level, who in many cases were unfamiliar with the organising principles

underpinning the local economies. In **La Ciotat**, there were essentially two institutions responsible for the entire process. The first was the semi-public investment company Semidep, set up by the PACA Regional Council, the General Council of the Bouches du Rhône and the Caisse des Dépôts<sup>5</sup> to manage the development of the former shipyard site. The second was Provence Industrialisation, a limited company set up on the initiative of the state in order to attract investors into the new enterprise zones. In the **Provence mining area**, there were two types of institutions at work. The first of these was the semi-public investment company Sofirem (Société Financière pour faciliter l'industrialisation des Régions Minières), set up mainly by the French Coal Board in order to assist with the restructuring of existing and the establishment of new firms in anticipation of the gradual decline of mining areas. The second was the economic restructuring unit set up by the French Coal Board with a view to reinvigorating the area's industrial fabric. More recently, a third institution has been operating in the territory. Cremsi (Centre Régional d'Etude de Micro-électronique et Systèmes Interactifs) was set up on the initiative of the PACA Regional Council and the General Council of the Bouches du Rhône with a view to encouraging greater coordination of the R&D programmes implemented by large and small micro-electronics companies. In both territories, however, the institutions involved often failed to establish close links with local actors in their efforts to 'recycle' existing resources to the benefit of new activities. In La Ciotat, the two institutions were operating against a background of economic crisis, political disturbance and social destructuring that caused them to have little contact with the main actors in local development. And in the mining area, the French Coal Board and the decentralised state bodies did not really attempt to get actively involved in planning the restructuring either of the small subcontracting companies that had hitherto been associated with the mining industry or of the thermal power station.

On the other hand, in the two areas in which **the transition was characterised more by continuity**, the principal actors always operated essentially on a local level and in accordance with the organising principles of their particular industries. In the **Lower Rhône Valley**, each sector of the agro-food industry has its own network of specific organisations, which are frequently affiliated to national organisations but remain strongly rooted in the local area. In **Grasse**, Prodarom (Syndicat National des Fabricants de Produits Aromatiques, or the National Association of Fragrance Manufacturers) has long played a significant role both in representing the interests of manufacturers at the national and international level and, at local level, in training and informing manufacturers about changes in the industry and in the regulatory framework. However, these two productive systems have never been entirely ignored by the major public actors. Neither has ever stopped having to subject itself or adapt to public policies: national and then European agricultural policy in the first case and, in both cases, national and European health, safety and environmental regulations. However, neither of the two areas has seen intervention on the same scale as those that took place in the two areas where transition was characterised by a break with the past. In Grasse, the longer established companies had always been unwilling to get involved in state interventions, largely because they were confident of their dominant positions and sought to perpetuate a tradition of non-cooperation and secrecy. And while attempts had been made in the Lower Rhône Valley to put in

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<sup>5</sup> Translators' note: the Caisse des Dépôts is a public financial institution created in 1816 to safeguard and invest private deposits in need of special protection, using them for social or economic ends in the public interest.

place economic development and promotional institutions, they owed more to local institutional dynamics than to large-scale state interventions.

In both territories, therefore, SMEs, which are indissociable from the professional and relational networks that they have constructed and which, in turn, have enabled them to reproduce, found themselves at the centre of an autonomous, collective mode of regulation. This mode of regulation was characterised by its ability not only to generate highly specific resources and considerable social and cultural coherence but also, by virtue of the very local nature of the actors and their highly flexible configuration, to adjust to shocks and economic circumstances.

Today, public intervention takes a very different form. In particular, it is increasingly the same in all four areas. After all, the task in each territory now is to defend or reposition the local productive system in the global competition. In the Lower Rhône Valley and in the Grasse fragrance and perfume industry just as much as in the micro-electronics industry now established in the former mining area or even the ocean-going yacht harbour in La Ciotat, the objective is to ensure that companies are not forced to locate elsewhere, that other companies are attracted to strengthen or renew the local industry fabric and, above all, that each territory can obtain decisive competitive advantages for the firms that make up its productive system. Consequently, the public actors are more or less obliged to accept that each territory is in competition with others and to adopt an approach that some might describe as 'territorial construction' (Zimmermann 1998) in cooperation with the actors in the productive system.

Although the four territories have followed very different development trajectories, there is increasing hybridisation of the principles governing the actors' behaviour. A few years ago, there was a clear distinction to be made between the public mode of governance in those territories where the transition process had brought a break with the past and the private mode of governance in those that had retained some degree of continuity. Today, however, the organising principles in all territories are converging. This trend is reflected in both the decentralisation of public intervention with a view to encouraging competition between territories and the development of forms of cooperation hitherto regarded as improbable between private actors, such as firms and their representatives, and public, usually local actors, at commune, municipality, department or region level.

The earlier polarisation between firms, subsidiaries of transnational companies and local companies, on the one hand, and public actors, on the other, is evolving towards a cooperative relationship that is currently only in the emergent phase and which, if it is to stabilise, requires lengthy learning processes. The development of such a relationship has been made possible by the arrival or return to centre stage of certain actors:

- new, restructured or re-legitimated institutional actors: on the one hand, territorial bodies such as the Regional Council, General Council and the *communes* (smallest territorial division), whose competences have been extended since the legislation on decentralisation and, on the other, the Chambers of Commerce and Industry and other professional and trade organisations;

- private actors, generally new company managers with some degree of autonomy at local level: new directors of small firms that have emerged out of spin-offs or restructurings in both the microelectronics and fragrance and perfume industries, and local managers of transnational companies. Thus since the mid-1980s a new category of corporate managers has emerged that has gradually become a very active protagonist in the construction of local resources. Its members have played a particularly prominent role in the rise to power of Cremsi, in the recent forging of relations between companies in the perfume industry and regional public actors and in the first promotional campaigns conducted by the associations of company directors at the Athélia and Diam de La Ciotat sites. At the same time, however, although they have often been forced to keep their distance from the productive system and local society, some managers of establishments or subsidiaries owned by larger groups have also been able to play an active part in the construction of resources. Both categories of actors, most of whose members have various emotional ties to the local area and are personally committed to it in both their professional careers and their lives as citizens, have often become locals in the eyes of the other actors and partners with whom it is possible to negotiate and to undertake locally innovative measures.

This development is undoubtedly linked to the questioning of traditional forms of rootedness in the territories' productive systems and the need the various actors perceive to construct or reconstitute resources that are specific to each territory and not transferable. This leads in a way to what Gilly and Pecqueur (200) term a territorial regulatory system, that is a space of shared representations and rules that guide the behaviour of local actors.

### **The ladder of innovation**

A territory's competitiveness is today constructed on the basis of a ladder of innovation comprising several interdependent rungs:

- the strategic positioning of local firms, which may collectively produce a territorial strategy that has the effect of bringing the territory within the scope of a specific 'world of production' (Salais and Storper 1992);
- firms' attitude to the question of constructing or consuming local, non-transferable resources;
- the nature of inter-firm relations, that is the interactions between local economic actors (cooperation vs. competition).

In the four territories under investigation here, the **strategic positioning of firms** that are part of the local productive system reflects a tension between two opposing strategies: on the one hand, the production of large volumes of standard products for sale in a price-regulated market and, on the other, the sale of specific, dedicated products offered in a variety of forms and clearly specified, within the context of ongoing relations with particular customers, in terms of deadlines, volumes, quality, use or maintenance. The approach favoured by firms affects their relationship with the territory, making it stronger or weaker depending on the strategy adopted.

Thus it would seem that two of the leading microelectronics companies in the former mining area (ST Microelectronics and Atmel) are now tending towards the high-volume/standard products approach that is being adopted by a growing number of firms. This may well bring them into direct competition with manufacturers in Eastern European and South-East Asian countries and, in future, in China. Such an approach may well be the reason why in the near future – for example when the next technological leap occurs in the industry – firms may decide not to renew their investment in Provence. In this sense, therefore, the organising principle adopted by these firms can be said to weaken their ties with the local territory.

Virtually all of the firms that have set up on the **DIAM site** at the former shipyard in La Ciotat provide maintenance, repair and refit services for ocean-going yachts. In each of the highly specific set of services they provide, they maintain bilateral relations with their clients involving a high level of cooperation. However, several of them have already gone down the route of producing or providing standard products. On the other hand, in the **Athélia, Gémenos and Aubagne** development areas, economic activities are so heterogeneous that no dominant trend can be discerned.

The SMEs in Grasse that are active in the **fragrance and perfume industry** are forced to adopt strategies to protect themselves from price competition. Their approach is to try to establish quasi-monopolistic positions in one of three ways: 1. by positioning themselves in product markets that require a level of reactivity and flexibility that can be achieved only through inter-firm cooperation at local level; 2) by seeking out particular commercial niches, or 3) by associating their product image with a place of manufacture – Grasse – that continues to represent a globally recognised label. These strategies lead them to maintain or even strengthen their ties with the local territory. On the other hand, the strategies adopted by the subsidiaries of multinationals that have invested in the territory seem to have more in common with the dominant approaches in the industry, which are based on volume and marketing.

The strategies adopted in the agro-food industry in the **Lower Rhône Valley** can be described in very similar terms. Local firms are becoming increasingly dependent on the retailing and distribution industry and increasingly subject to the downward pressure on prices that the industry imposes on its suppliers. As a result, they are also forced to choose between the high-volume/standard products approach and one based on a high level of product specification. However, most of them do not have the physical space available to be able to adopt to the high-volume strategy. This forces them to adopt the alternative strategy, notably by creating labels and subjecting their projects to certification processes, and to strengthen their links with the various local professional, administrative and technological bodies. In this area, therefore, the choice between the two alternative strategies varies from firm to firm, but the trend is towards the maintenance or strengthening of ties with the local territory.

These strategic positions should be reflected in **attitudes to corporate resources**. Thus a strategy geared to dedicated products might be expected to rely on specific, not easily transferable resources produced by means of locally established processes. Investigation reveals contrasting and evolving situations in the various

areas that reflect the particular characteristics of each territory, which are the product of its individual history and the irreversibilities it produces.

Thus the Grasse perfume industry and the agro-food industry in the Lower Rhône Valley have taken very different attitudes to the creation of collective resources, although the strategic positions they have adopted are very similar. Thanks to the close-knit professional and relational networks in which they are involved and their cooperation with the various institutions set up by the public authorities, such as the Avignon Agroparc and the three wholesale markets for perishable food and horticultural products, the **agro-food firms in the Lower Rhône Valley** seem never to have stopped reproducing, improving and constructing human, technological and commercial resources. Although certain trading and logistics companies now confine themselves to 'consuming' the various local infrastructural and institutional resources, the tendency among most local SMEs is rather to redouble their efforts in the drive to construct resources (networks, labels, technologies). Thus in the stress field between consumption and construction, the choices these firms make tend to strengthen the local endogenous dynamic.

Firms in the **Grasse fragrance and perfume industry**, on the other hand, have hitherto been only tangentially involved in the collective construction of resources. Most of these resources – the human and technological ones in particular – are constructed outside Grasse, in France or abroad, and those that are reproduced or created locally emerge within individual firms. However, all firms in the Grasse industry have unrestricted access to a minimum level of local collective resources, which they share almost unintentionally. However, while subsidiaries of transnational firms tend to adopt a strict policy of consumption in this regard, SMEs in Grasse are now showing the first signs of getting involved in the collective construction of resources, through the impetus given by some of the public actors in the area who are concerned to maintain an industry that is the largest local employer and which, moreover, enjoys considerable prestige.

As far as the **microelectronics industry** in the Upper Arc Valley is concerned, the two large firms have always worked within the local training system in an effort to ensure the availability of certain categories of labour, and they have never been indifferent to the efforts of the public authorities and small local firms to encourage the sharing of certain local technological and scientific resources (Cremsi and then the microelectronics college). However, it would seem that, from their establishment until the present day, they have tended to behave as consumers rather than constructors of local resources. This does not apply to the small high-tech firms they have created or established close links with. These firms have been the instigators of various attempts to construct and share scientific and technological resources, in this case Cremsi. Thus in the stress field between consumption and construction, the microelectronics companies make different choices depending on whether they are large and prime movers or small and high-tech. This clearly reflects the area's dual character.

Firms on the **DIAM site in La Ciotat** began by being consumers of the former shipyard's resources, which had been conserved and adapted by the semi-public investment company. Gradually, however, they have become involved in the construction of resources through the mediation of their association, also a recent

phenomenon. Their already strong ties with the local territory have been strengthened as a result but they have not yet stabilised.

Firms in the **Athélia, Gémenos and Aubagne development areas** have not shown any great interest in constructing resources. Despite the fact that some of them, or their association, have on occasions taken an active part in the promotion of certain developments, the overall trend is for them to be primarily consumers of resources.

As can be observed, this **capacity to create specific resources is linked to the ability of private and public actors to coordinate, to cooperate and to pool resources**. Now if too high a level of heterogeneity among the actors can be an obstacle to cooperation because of the absence of a common reference framework, too high a level of homogeneity may also prevent such cooperation, because firms regard themselves as direct competitors. This is undoubtedly the case in the Grasse industry, where the process of constructing human, technical and commercial resources takes place on an individual basis within each firm rather than collectively, since the firms are competing directly with each other in their markets. Nevertheless, in this particular case, this competitive principle is not simply a consequence of each firm's strategic positioning. It is also a product of the area's history and of the industry's characteristics, since one difficulty the perfume industry has is the impossibility of protecting its products. A fragrance cannot be patented, since that would be tantamount to supplying its formula to the competition. This gives rise, particularly in Grasse, to a culture of secrecy within the industry that prevents firms from cooperating with each other.

## Conclusion

In an interview, one company director listed the reasons why he was considering moving production to another part of the world. The main ones seemed to be linked to the cost of labour; at the same time, however, he added that he wanted to keep a plant in the region in order to maintain a 'local unit' that would continue to supply the local market and to develop suppliers who would meet the needs of this local unit over the long term, despite the fact that it would ultimately be doing nothing more than finishing off the work and distributing the product.

This brings us face to face with a new definition of territories, which now stack up one on top of the other like a mille-feuille because of the incessant development of logistics and transport. It seems evident that the territories under investigation here are currently experiencing this same trend towards specialisation on the basis of the characteristics they offer in terms of labour or in technical terms. Under these circumstances, the question of suppliers becomes increasingly less prominent, since even from afar firms today know how to create 'distant proximities'. And yet it seems to us that the areas we have studied are not positioned in the same way on this ladder. Or rather, to put it more precisely, there are differences in the ways they mobilise local or international resources, appropriate rules and the changes to them and root themselves in a territory while at the same time being part of a much larger network. The reasons for these differences and distinctions are linked to the ways history has shaped each territory, to the ways in which the actors have interacted within the space and to the differences in their appropriation of technologies and resources.

In the four territories under investigation here, the three forms of proximity were originally closely linked. In recent times, as constraints have hardened, this system of interdependencies has shattered and lost its coherence. We are now seeing productive systems and territories becoming increasingly decoupled from each other.

One particularly striking observation is that new firms operating according to different principles have set up in the four territories. Their decision-making centres are outside the territories. Firms are becoming increasingly 'nomadic', which brings territories more and more into competition with each other. Large companies in France have regionalised their production structures and helped to hierarchise local productive systems while at the same time turning these processes to good account (Hancké 2003). The layering of territories can be observed at several levels.

At the level of the firm, a distinction can be made between firms that originated in the territory and those that have no historical connection with it. In this latter group in particular, the strategies adopted do not always involve greater specification of the territory, which would probably be a guarantee of the permanence of their activities.

At the level of individuals, there are now managers and workers who come from the region and an increasing number of workers who come from elsewhere (for want of sufficient training provision locally). Nevertheless, these newcomers are not necessarily 'nomads'. We have seen that local managers can be extremely active in local networks in defence of their establishments and, more broadly, in promoting the territory and its networks of firms.

Currently, the retention of economic activities in the territories we have investigated seems to depend heavily on the will of individuals (employees and directors) working in the small firms that have emerged from the local productive system. Now even if entrepreneurs play a significant role in the development of territories (Zander 2004), geographical and emotional proximity is no long-term guarantee of lasting economic activity. Moreover, the natural, physical resource that led to their emergence is no longer necessarily these territories' *raison d'être*.

Because of this decoupling and the 'layering' of territories, the nature of the proximities that are of value to territories is changing. And it would seem that certain actors – public as well as private – have understood this, since they are attempting to activate or reactivate certain forms of coordination and cooperation in such a way as to reconstruct some degree of specificity. However, the specificity of the resources that used to be linked to physical resources is now based on resources such as infrastructures, knowledge, competences and relations (networks of firms that provide flexibility...). This dematerialisation of the relevant resources requires coordination, organisational proximity and, perhaps even more so, institutional proximity. These territories were able to exist in the past by virtue of what they were. Henceforth, they have to survive (and do so competitively) by virtue of what they do. Territories can no longer be taken for granted. More than ever, they have to fight for their survival.

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**Annexe : Background information on the four territories investigated**

	<b>Agro-food industry in the Lower Rhône Valley</b>	<b>Provence mining area</b>	<b>Grasse fragrance and perfume industry</b>	<b>La Ciotat productive system</b>
<b>Dominant industries</b>	<p>Agriculture and agro-food industry divided into three main areas of activity :</p> <ul style="list-style-type: none"> <li>- agriculture and trade in fruit and vegetables</li> <li>- processing and conserving of fruit and vegetables</li> <li>- transport / warehousing / distribution</li> </ul>	<p>Originally : lignite mining and agriculture</p> <p>The area is currently divided between:</p> <ul style="list-style-type: none"> <li>- microelectronics; business services and IT activities</li> <li>- heavy industry (production of aluminium) and electricity generation and distribution (thermal power station)</li> </ul>	<p>- Perfumes and fragrances : essential oils, fragrance compounds, food flavourings, trading.</p>	<p>Originally: La Ciotat shipyards</p> <p>Currently :</p> <ul style="list-style-type: none"> <li>- yachting/tourism in La Ciotat / Cassis</li> <li>- heavy industry (La Ciotat, Gémenos, Aubagne)</li> <li>- electronics (La Ciotat (Athélia), Gémenos)</li> <li>- business/commercial activities (Aubagne – La Ciotat)</li> <li>- business services (Gémenos et La Ciotat)</li> </ul>
<b>Types of firm</b>	<p>Agriculture : small farms (size increasing)</p> <p>Processing and transport : SMEs + some establishments operated by groups</p>	<ul style="list-style-type: none"> <li>- 5 establishments operated by national and international groups</li> <li>- networks of suppliers and subcontractors</li> <li>- SMI/SME</li> </ul>	<p>Preponderance of SMEs (half of firms have fewer than 50 employees and one quarter fewer than 10)</p>	<p>Preponderance of SMEs, fragmented industrial fabric extending beyond the municipal boundaries, multi-sectoral.</p>
<b>Main events in the territory's history</b>	<p>Mid-19<sup>th</sup> century : beginnings of the market garden industry</p> <p>End of the 19<sup>th</sup> century: beginnings of the processing industry (first canning factories).</p> <p>1960s : industrialisation of</p>	<p>17<sup>th</sup> century: lignite mining starts</p> <p>1945 : Péchiney begins operations</p> <p>1953 : thermal power station</p> <p>1960s: first microelectronics factory opens</p>	<p>16<sup>th</sup> century: first distilleries</p> <p>Early 20<sup>th</sup> century: decline of flower growing</p> <p>1960s: first restructurings; takeovers by outside companies</p> <p>1980s : 1<sup>st</sup> phase of company</p>	<p>19<sup>th</sup> and early 20<sup>th</sup> centuries : industrial town develops around shipbuilding industry. From 1950 onwards: various crises and development of shipyard.</p> <p>1987 : Closure of shipyard.</p>

	<p>agriculture (change in growing methods)          1960s : beginnings of large-scale distribution          1990s : the transition phase begins : rise of the market and distribution principle, liberalisation and globalisation of trade.          Pressure from regulations and quality and certification arrangements, intensification of competition.</p>	<p>1970s : Multi-Component Plan          1986 : Coal Pact (restructuring of the area)          2003 : closure of pit Y</p>	<p>start-ups          1990s : 2<sup>nd</sup> phase of company start-ups / hardening of competition and international regulations</p>	<p>conflict situation.          1994 : Signing of Memorandum of Understanding.          Development of ATHELIA enterprise zone.          1997 : Emergence of a productive system linked to yachting.</p>
<b>Motivation for start-ups</b>	<p>Long-term ties with the rural productive system and local agriculture, upsurge of external investment and, to some extent, break-up of productive system linked to logistics services.</p>	<p><b>2 organising principles:</b></p> <ul style="list-style-type: none"> <li>- Start-ups as part of second national Multi-Component Plan put in place by national government at end of 1970s.</li> <li>- Polarisation of small firms around two large plants that are the driving force</li> </ul>	<p>Industry continues to be rooted in a territory that is still endowed with relational and material resources and with an "image".          Organising principle based on emotion and history (origins in Grasse)          Organising principle based on exploitation of resources (outside companies)</p>	<ul style="list-style-type: none"> <li>- Start-ups directly linked to the repair, maintenance and refit of ocean-going yachts.</li> <li>- Tax exemption</li> </ul>
<b>Strategic positioning</b>	<p>Sale of specific products (dedicated products offered in a variety of forms and clearly specified, within the context of ongoing relations with particular customers, in terms of deadlines, volumes, quality</p>	<p>Tension between the production and sale of dedicated, specific products and the production of large volumes of standard products.</p>	<p>Sale of specific, dedicated products offered in a variety of forms and clearly specified, within the context of ongoing relations with particular customers, in terms of deadlines, volumes, quality</p>	<p>Currently more geared to specific products, but first signs of shift to large-volume production.</p>

	use or maintenance).		use or maintenance.	
<b>Firms' approaches to the consumption/ construction of resources</b>	Some trading and logistics companies restrict themselves to 'consuming' the various infrastructural and local institutional resources. Most local SMEs are strengthening their attempts to 'construct' resources (networks, labels, technologies).	Local SMEs: 'construction' strategy involving, on the one hand, cooperation with other actors in the transformation of existing or the creation of new resources. Large microelectronics companies: tend to consume resources: human resources, know-how, technological expertise, cooperative networks, commercial networks or pre-existing infrastructures.	Firms produce and consume locally the minimum of resources necessary, particularly in terms of human resources, image and know-how. Firms construct resources on an individual basis. No collective construction (although situation currently changing).	Difference depending on enterprise zones : - General trend: firms are consumers of resources. - Having started out as consumers of the former shipyard's resources, firms gradually began to get involved in the construction of resources through their association.