

Chapter 2

A New Form of Small Industrial Business in Rural Area: To Exceeding the Local Roots?

Marie Raveyre

Abstract What is the future for industrial companies in rural areas? In order to contribute to the thinking on this subject we decided to focus attention on rural SMI in good health in order to identify some potential avenues for business development opportunities in such areas. Two kinds of recommendation are usually advanced to support industrialisation in a rural setting: recourse to exogenous factors; and promoting the value of endogenous factors, providing the incentive to set up local production systems. Our observations of SMI in a non peri-urban rural setting outline a new way forward. The SMI studied rely on local factors, but are not limited by them – it is the linkage of the local and global scales that gives them their strength. They define the contours of a distinctive type of SMI, characterised by: an entrepreneur profile specific to urban executives; operating centred on specialisation; flexible working and membership of networks both local and national/international.

2.1 Introduction

With the economics globalization and the international opening of markets, we notice that the nature of the development dynamics assert itself as more and more transnational, and they tend to be directly in line with a worldwide space, questioning local territories. Therefore, the question of the future of small industrial business in rural area arises with a renewed acuity. While many analysis show a decline of industry in certain areas, with a movement of closures, this finding may, by focusing on what disappears, hide the emergence of new dynamics. Indeed, the current crisis is also a re-composition of the productive system: if some kind of industrial developments fall into disuse, others are implemented. The advantages and disadvantages of the rural space are not necessarily of the same kind than in the

M. Raveyre
CRESPPA-GTM, Centre de Recherches Sociologiques et Politiques de Paris (CNRS/ Universités
Paris 8 – Paris 10), Paris, France
e-mail: raveyrem@yahoo.fr

past, all the more since this environment has experienced significant evolutions during the last decades, with a certain decrease of exodus and decline (Datar 2003). Businesses are changing and the rural world too, should their evolutions inevitably go in opposite sides? To contribute to the reflection concerning this subject, we chose to focus on healthy small French rural industrial firms, in order to analyze the reasons of their dynamism and to bring out some leads regarding the potential of companies development in rural area, with a prospective vision.

The current economic transformations are frequently seen as an extension of the market mechanisms at the international level in which some territories become marginalized or they are seen as a low cost workforce resource (see in particular: Lichtenstein 2007; Cogneau et al. 2000). Other analysis regard those evolutions as a surpassing of the Fordian model. So, a huge debate has begun about the appearance of new dynamics. The idea that innovation and new communication technology could play a key role has been advanced (Castells 1996). Some authors argue that the current transformations show a plurality of logic. Indeed, capitalism has several forms (Hall and Soskice 2001), with rationalities coexisting in a same period and which are embodied in various form of companies (Eymard-Duvernay 2004, 2002). Thus, he considers that firms have to arbitrate among a plurality of patterns, corresponding to several “convention”: “domestic”, based on trust and tradition; “industrial”, referring to the performance according to standards; “market”, based on competition through prices; and the “network convention”. The emerging latter would refer to a kind of flexible firm, relying on partnership networks, promoting service, mobility and employees involvement. Therefore, going further than a global approach, it is about observing how companies manage their development policy, by studying the kind of relations they have established with territories. In this vision, the trend of the Proximity Dynamics provides tools to tackle issues concerning the diversity of the companies rooting in territories (see in particular: Gilly and Torre 2000). He distinguishes several proximity dimensions: a geographical one, related to space, an organizational one due to the participation to a productive activity, and institutional, referring to social conventions shared by some actors. Then, we must study the various mix of kind of proximity in order to understand the multiple means of the development. It is in running from these two approaches, highlighting the diversity of the ongoing changes, that we propose to pursue the reflexion with our case study concerning the SMI in rural area.

The recommendations most often advanced to support the industrialization in rural area can be gathered in broad outline in two significant views. The first one bets on exogenous factors, resorting to the settlement of companies born in town or to the realization of subcontracting activities for them. In fact, here we meet a conception linking industrialization and urbanization, in which rural area has a peripheral position. If companies hold steady, it is for the most part because they produce for nearness markets, or that they take care of activities with a low wage cost. The second one values endogenous factors, with an incentive for the constitution of local productive systems, using Italian districts as a reference (Bagnasco 1977; Becattini 1987; Piore and Sabel 1984); or, more recently, the whole high technologies, like in the case of the Silicon Valley (Rogers and Larsen 1984;

Saxenian and Hsu 2001; Porter 2000). Here, it is about encouraging the development of complementary corporate network, based on cooperation between local actors, enhancing a geographical proximity. Beyond those two development means, still current today, other perspectives seem ready to be found for the rural area industrialization, especially concerning the SMI.

Indeed, the observation of about twenty SMI, located in non peri-urban rural area and which don't concern high technologies, offers the possibility of a new path. The studied companies are not strictly issued from the land, without necessarily being urban importations. They rely on local factors, but are not limited to them, since they also take part in national and even international dynamics; it is precisely the articulation of those local and global dimensions that could be their strength.

Despite of the variety of their industrial sector and of their geographical location, those SMI have common features. What lead us to see them as belonging to a same form, characterized by a specific profile of entrepreneur and by flexible operating procedures. Former urban executives, creators of their own activity, have behaviors and value systems far from the traditional SME owners' ones. The functioning of these SMI is marked by their managers' representations. Indeed, the performance of these small enterprises would come from four main directions: specialization in some niches in the market, the technical flexibility, the integration in both local and national/international inter-firms networks, and the work mobilization. These features sketch a specific form of SMI, which differ from the independent traditional SME close of craft industry, as much as local productive systems. These SMI differ from the domestic convention, in which companies rely on manufacturing traditions and on networks based on the trust related to the geographical proximity. Instead, they would concern new productive models. So, rural spaces would not necessarily be pushed aside from new kind of entrepreneurship. Technological changes and the evolution of communication and transport systems, play an important role in the boom of this type of enterprise. In addition to these aspects, the advantages of a rural area, as outlined here, are relatively surprising. They are in a natural environment, attractive to some entrepreneurs, and they are also a part of the socio-cultural capital of the rural workforce.

We will endeavor to analyze the distinctive features of these SMI and the way they come within the scope of the rural area, especially by asking ourselves about the factors which have contributed to its development. First of all, we will clarify our method and the characteristics of our sample. Then, from the main elements coming out from the latter, we will successively tackle the entrepreneurs' profile, the development strategies of the companies and their human resources management mode.

2.2 SMI in a Non Peri-Urban Rural Setting

The studied companies are spread all over the national territory in the non peri-urban rural area. They do not belong to the food-processing sector. They were established by their current executive, and they are job-creating. They have a quite

unusual profile of independent SMI, especially concerning the rural space. If this case study shall not be representative of the current situation of the SMI in rural area, it is yet representative of the fact that small industrial companies can develop in this area.

Our study deals with a sample of 21 SMI, selected among a hundred or so SME that we have surveyed, during the research made between 1988 and 2001, we have systematically kept the SME located in rural area, outside periurban area. The subject of these research was not the rural development, they were about companies who had benefited of a job creation grant. One of the specificity of this sample is to only keep companies which are job-creating, since it is according to this criterion that the grants are allocated. Thus, this selection mode allow to focus on expanding SMI.

We remind that several works have noticed a movement of non agricultural companies creations in rural areas, since the beginning of the eighties, in France (Bontron 1991; Julien and Marchesnay 1988; Joyal and Deshaies 2000) as well as in other countries, like in the United States (Nelson 1998). But to our knowledge, studies and quantified data miss in order to assess the extent of this phenomenon. So, our case study would come within the scope of a more general movement, but the fact would remain that we would have to assess its extent through a larger-scale survey, what is beyond the framework of this prospective study (Table 2.1).

SMI have been observed directly, on the basis of interviews with their executives. For the most part, they have just been created: 18 among them were established by their current executives during the 1980s/1990s. Three are takeovers. Nevertheless, these takeovers are similar to companies creations, because it consists in buying out bankrupt companies which have been radically transformed: new buildings, change of production; for example, a car parts subcontracting company became a sonar expert at the international level, with new buildings and three quarters of the staff were renewed.

These SMI have an average of 35 employees and belong to various industrials sectors. Only one of them belong to the food-processing sector, producing biscuits; one pertains to the service sector, with activities of processes development for industry. The others are, for the most part, are dealing with semi-processed goods production (technical parts and sets, special packaging, material transformation). We find four cases of consumer goods: watchmaking, automobile (SUV manufacturing), joinery, biscuit factory. None of these companies is in the position

Table 2.1 Distribution of the SMI by industrial sector and by number of employment

Sector	Employment				Total
	<10	10–25	26–50	50–200	
Engineering	2	1	3	2	8
Electronics and IT	1	1	1	1	4
Processing of plastic	1	2	1		4
Processing of special material		1	2		3
Wood industry		2			2
<i>Total</i>	4	7	8	3	21

of an usual subcontractor, which would be fulfilling carrying out functions for contractors. Fifteen PMI have their own products and six are specialty subcontractors.

The studied PMI are spread over the whole national territory, in communes distant from big urban centers. Only four of them are settled on the outskirts of small cities (Sens, Fontenay le Comte, Montbrison). For the most part, they are located in less industrialized sites, even sites where the company is the only industrial activity. They do not belong to any local productive system.

Thus, the companies within our sample have particularly marked common characteristics, despite the diversity of their industrial sector and their location. This convergence is much more obvious when we examine their social and productive specifications.

2.3 Rural Neo-Entrepreneurs

The managers of these SMI are not local entrepreneurs strictly speaking, unlike the common idea of executives in rural area, especially when it comes to business development. Outside the standard pattern, they also are quite outside the model of the boss in the traditional SME. Referring to the model of the “expanded family circle” (Bunel and Saglio 1979), the boss of a traditional PME can be defined as corresponding to a paternalistic managerial power and to family values, where the possession of the capital is seen as a property passed on from generation to generation.

2.3.1 *Qualified Executives Living Town*

Of urban origin for the most part, these entrepreneurs, for a half, are not born in the region where their company is established. So, relationship to the rural area is not significant. Even if for some there is a correspondence between the place of birth and the workplace, it is in the widest sense, meaning a region and not a commune. As a whole, these entrepreneurs’ careers show a huge geographical mobility: many of them lived in other regions, even in a foreign country in some cases.

The usual picture of a business manager heading such small companies refers to a profile of a person with a low level of education, who hold the positions of foreman or of technician. And yet, this case is very rare: we are mainly in the presence of seniors executives: 86% of them have a level of qualification higher than the A-Level, and among them 61% have a diploma higher than the A-Level. Knowing that the entrepreneurs’ level of qualification has increased since the middle of the seventies, it clearly appears in the cases we have observed. To make a comparison, the INSEE (the French national institute of statistics and economic studies) shows that, in France, entrepreneurs had a level of qualification higher than the A-Level for 40.6% of them in 1994, and for 39.3% in 2006.

(In 1979, entrepreneurs had a level lower than the A-level, in 81% of the cases, in the study of Bunel and Saglio 1979.)

Consequently, the director's profile coming out here seems very specific, it could seem significant of a social change. Indeed, these executives who have an advanced degree (even from prestigious high schools), giving up their executive function to establish their own companies in their 40s, did not seem to have to adopt a withdrawal position. So, the movement towards a return to the SME would be significant of a modification of the value system. These executives have a distinctive representation of the company, where the big business is not the ideal reference model and the small the mediocrity one. To the contrary, the SME is shown has a favored place for the actual exercise of the managerial power, opposed: *"to the structure complexity and to the big businesses' rigidity"*.¹ The choice of the company establishment, whether it is frequently due a desire to return to the roots, even if they are more elective than real, seems related to a attraction for the natural environment. The latter has often been determining for the choice of setting-up place, sites having been judged relatively equivalent according to the productive resources and to the local aid system that are frequently present in these rural areas. This attraction for the nature can be seen in the conception of the building, where a care for the natural environment is obvious: a company is settled in an old rustic restored farm; an other one's workshop is made up with huge glass walls with a view on the forest. We notice that this interest for the nature seems to correspond to a certain urban executives category, better than to the traditional rural SME's bosses one.

2.3.2 *An Entrepreneur Profile Specific*

Even if these entrepreneurs show themselves to be critical concerning big businesses, nevertheless they do not reproduce the traditional family model of SME. Their companies does not seem to be highly related to kinship: members of family working in these companies only represent a third of the cases, and only a quarter of the managers' wives are involved in the activity; they often exercise an activity requiring a higher qualification: education, medicine, etc. The very big majority of these managers do not consider that their children may succeed them. These entrepreneurs see their company more like a tool than a legacy property. Whether according to them the possession of the capital is still a guarantee of autonomy, this ownership is often shared out: in two thirds of the cases, companies have a collegiate committee. Partners, with complementary competences, are often co-founders who chose themselves according to affinity criteria, within circles of friends, colleagues or former students. Since they join their forces to create a company, these executives are part of a phenomenon, quite new, that have been observed elsewhere. (According to the INSEE, the created companies are less and less sole proprietorship ones, with only 52% of the cases in 2006 in France.)

¹We put in brackets actors' comments throughout the text.

So they do not reproduce at all the model of a family SME. Besides, they reject the “boss” term that they associate with the latter. Referring to themselves as “directors”, in this way, they appeal to an other type of legitimacy. They show themselves to be critical concerning the: *“bureaucratic rigidity of the big businesses where we cannot do anything without going through the hierarchy and where everyone is just a cog”*, as the *“traditionalism and the narrow-mindedness”* of the family SME. These directors introduce their company as a “team”: *“the success of our company? It is because we are a team”*. This representation of the company seems to correspond to the cultural distinctive features of this social subgroup of executives. The latter value the autonomy and the return to more convivial principles, while rejecting individualism. Their ideal company is a model of a “human-sized company” which success cannot be something else but collective.

For this model of support lasts, the great majority of these entrepreneurs do not consider that the company might exceed a size of 50 employees. Therefore, according to them, the activity development must be done by creating satellite companies, some kind of autonomous near-subsidaries, sometimes giving birth to micro-groups. This principle has already been put in practice by a third of them. This concern about maintaining small units also correspond to the search of a bigger productive flexibility. The company must be able to adapt itself and, to do this, avoid centralism and concentration, in order to run, with a minimum of risks, niches market which, when they disappear, affect only one satellite. These SMI have been in line with a movement of development of micro-groups observed during the last decades. This, the INSEE notes that there are 37,151 micro-groups in France in 2006 against 22,174 in 2003 and 726 in 1987. More than 50% of the companies constituting these groups have less than 20 employees and 89% have an average size of 44 employees. This firm structure seems to come under a logic differing from the cooperative movement, the objective here is to avoid the rigidity of the concentrated structures, in an industrial, financial and legal point of view (Donckels et al. 1987; Davidsson et al. 2005; Levratto 2007).

So, the general development draws an entrepreneur profile quite original, executives going back to the rural area and to the SME, “rural neo-entrepreneurs”, which characteristics are not to be link with a specific local area, but to a category of executives in search of other ways of life and other ways to practice their professional activity. In that regard, executives are not irrelevant to the movement of the SME enhancement that was born during the 1980s–1990s and a managerial press have spread about it. Especially relying on the analysis of this literature, Boltanski and Chiapello (1999) have identified this conception to the emergence of a new capitalism spirit: “the city of project”. It refers to the neo-management, distancing itself from bureaucracy and big centralized industrial structures. It is based on principles valuing mobile and flexible activity, with a management through objectives and a networked organization. It gives a central role to the human resources mobilization. Then, it seems that rural areas are not deserted by new entrepreneurship forms. These executives’ company vision played a leading role in the orientations given to these SMI.

2.4 Adaptive Companies

Whether the studies SMI are rapidly growing, the reason of their performance is not related to the real implementation of products or processes innovations. It seems to lie in a specific logic, implanted as soon as their creation: bidding on the product quality, the commercial strategy of these SMI closely articulates with an ingenious development of the technological resources. The specificity of their production is not related to the rural areas. Without being limited to value links of geographical proximity, these SMI come within the scope of both local and global networks; these companies performance would result of this double anchor, in the most part.

2.4.1 *Niche Market Strategy*

To define their markets, directors opted for strategies that could assure as much autonomy and competition as possible. Generally, they tried to avoid captive subcontracting situations, estimating the dependence to the contractor too restrictive. For the very most part, these SMI have their own products. The ones which make specialty subcontracting are viewed as suppliers mastering the conception and the manufacturing know-how. These entrepreneurs bidden on high added value products, thus leaving aside mass consumption products that they consider too highly competed and requiring heavy and rigid equipment. Their competitive strategy consists in playing the specialization card, bidding on the product quality rather than on the low price, as well as on the service and the adaptation to the client demand. Favoring a flexible productive model, based on quality and service, these SMI would be in line with what Veltz (2000) identifies as a “new industrial world”, in which companies performance lies in their ability to be reactive facing the evolution of the international competition criteria where quality, variety and innovation play a decisive part.

The originality of their product does not strike a discerning eye, because it is frequently based on exclusive astuteness and original adaptations: so, one of the SMI manufactures glass cobblestones which shape allow an assembling unequaled until now; an other one is the world specialist in “silent” hydraulic pump; a third one in “form memory” materials. These SMI are specialized in a particular product: “*Our specialty? The rare bird*”. So, these companies differentiate themselves from the others in the market through product micro-innovations. With this policy, these SMI move away from dependence relationships, because they position themselves de facto as products makers. This strategy is about highlighting niche markets in the gaps left vacant by the competitors; these niches, which are not limited to a local market, assure them a national coverage, and an international one for some of them. We notice that these former executives, unlike some traditional SME bosses consider all the possible means of commercial development without any reluctance.

Such a strategy of small specialized niches requires, in order to last, the company to be very mobile on the market, in order to move in accordance with the opportunities, constantly adapting products and processes (with small investment costs). So, this strategy appears as related to the model of technical implementation specific to these SMI, relying on flexibility and constant ingenuity.

2.4.2 An Ingenious Development of the Techniques

The care about avoiding rigidity has often been one of the leading criteria at the moment of the choice of the productive equipments. Open to the new technologies, this former executives moderately appeal to them (about 50% of the equipment pool). The observation of these manufacturing processes shows a strange coexistence between them and older techniques. For example, in the same workshop, we find a computer-aided design (CAD) system and a classical mechanical lathe or manual welding machines. If such an eclecticism may surprise, it does not appears without rationality. Beyond the fact that it is less costly, these two techniques of different generations have a common character which is their modularity. It means that each machine is viewed as a unit which does not necessarily depend on a whole, unlike those of the intermediate generation (simple automatism of assembly line type). This type of equipment offers the advantage of being able to fractionate the investments according to the current assets, since each machine can be bought individually. Furthermore, this bigger autonomy of the techniques explain that these small businesses of rural areas may operate in the absence of any close industrial environment, because of their lesser dependence to processes.

The association of these techniques, whether it can appear as unorthodox, does not less give rise to unseen makeshift jobs, to very discreet innovations, which compose a part of the industrial secrets capital of the company. The resort to these equipments allow to carry through the niche market strategy. Indeed, the techniques used characteristic is to permit high level and flexible productions (they permit to modify the product without changing the equipment and to manufacture individually as much as in limited series). It is by developing these possibilities that these SMI offer specialized products that can be modified at the clients request.

We note that whether some have hoped from new communication technologies which had to permit the development of the teleworking in rural areas, it seems that we underestimated the revitalization abilities of SME in these areas through the use of new production technologies. Indeed, the latter, more autonomous and flexible, are integrable into very small businesses, which can since then reach a high performance level, even if they are isolated on the territory. However, the role of the new communication technologies is important for the expansion of these companies, as well as the development of the transport infrastructure. Both proceed to a kind of opening up of the rural space: they facilitate the access to the information as well as to the markets; they support the expansion of inter-companies networks by reducing the problem of the geographical distance. For example, the

SMI finds through Internet a new client company located in Germany, then the director goes in the company in order to better define their needs “*not a problem of being in the countryside, there is always the internet and highway and an airport nearby. There is much more time than crossing the Paris region*”.

2.4.3 *An Articulation of Local and Global Networks*

The inter-firms networks, which these SMI are in line with, show a configuration different from those we have analyzed in the case of the local industrial system of Oyonnax (Raveyre and Saglio 1984). More endogenous to the site, they are essentially based on cooperation relationships – competition between local companies, in the same sector of plastic transformation. The study of the privileged relationships that the SMI of our sample sustain with other companies lead to show an other networking exceeding the local level, with the articulation of two types of networks: local and global.

The most developed networks are vertical, with national/international clients and suppliers. They contribute to assure the products quality and the technical efficiency of these SMI. Indeed, the relationships with the clients are close in order to bring an answer adjustment to the demand particularities. Likewise, relationships with the various industrial partners, whether they are suppliers or subcontractors, are often strong, in the aim to reach the mastery of the whole operational sequence. For example, in order to define a machine which design is in progress, exchanges information with its “partners” located in other regions: its supplier, programs designer, its subcontractor, parts manufacturer, and its client. As the information can round-trip between all these actors. On the other hand, some employees of the SMI stay at the partners’. It offers to the partners a better mutual knowledge of the techniques and know-how of each. These practices, most often not formalized in explicit contracts, essentially rely on interpersonal agreements. Here, the nature of the exchanges is related to services: technical and commercial information, advices, etc. This way, these SMI offer themselves the opportunity to better fit to the companies upstream and downstream to their manufacturing and to their clients. They can also access to diversified knowledge and services they could not afford to manage alone. Finally, that is to say: they offer themselves the opportunity to mobilize resources without increasing their investments and freeing themselves of the geographical proximity.

These SMI are also stakeholders in horizontal networks, between “*local SME colleagues*”. Many of them appeal to their proximity counterparts (from various production sectors) in order to face their fabrication variations in terms of quality and quantity. To answer to the clients demands, sometimes various and punctual, it happens that they temporarily rent material, premises or workforce to neighbor SME; in return, on occasions they “give a hand” to the latter. For example, a SMI specialized in plastic transformation, usually manufacturing small products, temporarily rents a neighbor company’s warehouse to answer to an order of sailboat hulls.

The appeal to the vertical networks contributes to the technical effectiveness and to the products quality, the one to the horizontal networks help assuring the productive flexibility and the companies mobility on the market; two aspects getting to the core of these SMI functioning. This unusual articulation of networks would be one of the performance factors of these SMI, both deep-rooted in the local space and integrated to the national space (and to the international one for some of them). Unlike the traditional local industrial systems limited to a geographical space, these companies show a network articulation close to the one observed in cases of high technologies companies, with a network architecture combining local and global links; as “small world”-type (Watts and Strogatz 1998; Zimmermann 2002). At the local level, these SMI networks deal with punctual adjustments; they are based on neighborhood relationships, so on a geographical nature proximity. At the global level, the networks connections deal with the partners who are directly involved in the product manufacturing (whether they are suppliers or clients). These networks allow the circulation of information and knowledge; they support various adjustments and inter-organizational learning. So, in these networks, it is the organizational proximity that counts, beyond the geographical distance. So, as Rallet and Torre (2001) and Torre and Rallet (2005) have shown it, the organizational proximity turns out to be a more important support for the knowledge circulation and for the mutual learning than the physical proximity.

2.5 Work and Employment Flexibility

The human resources management of these companies is marked by a search for constant flexibility and adaptation of the labor factor, in order to reach the companies objectives in terms of quality, technical flexibility and responsiveness to the demand. In this, in many respects, it resembles to the post-fordian new organization of work forms, bidding on the abilities mobilization (Zarifian 1999), where employees have to show autonomy, initiative and adaptation. And yet, unlike some presupposition, it seems that these practices find a particularly favorable environment in the French rural society.

2.5.1 Development of the Versatile and Autonomous Capacities

In these SMI, most part of the employment is made of specialized and qualified workers. Whether the average education level is not high, employees have yet to carry out versatile and autonomous capacities. That nature of the tasks can be relatively varying: depending on the quantity and the nature of the client demand, the organization of work is likely to be modified as well as the employees breakdown in the operational sequence. Such a mobility of the employees within the company requires versatile knowledge, every one of them can be lead to hold different positions which do not always fit to their original qualification. It may

concern employees of various levels: thus, a technician accomplished a maneuver task during 1 week, “*because there is a rush*”. We notice that the versatile and autonomous capacities rely on a technical culture belonging to the same family than the pre-fordian model one – related to farming and crafts – and which, de facto, would be particularly adapted to the post-fordian contemporary new modes of production.

The qualification and wage level in these companies is not lower than elsewhere. For the met directors, the search for the lower cost for workforce comes after, most part of the time, its quality. Indeed, for them, it is not about manufacturing standard products with specialized positions, but product of quality requiring the mobilization of the employees capacities. What means, in their idea, enough attractive salaries. This logic marks the gap with a model of industrial settlement based on the search of a low-cost workforce in countryside, corresponding to a convention of a market nature.

Recruitment of employees and workers is mainly local, but not in the hidebound meaning. Employees live in an average zone of fifty kilometers from the premises. We can see here an effect of the evolution of the rural lifestyles during the last decades, where the mobility of the population has considerably increased. Technicians and executives, for their part, often come from other regions. Sometimes, they can be recruited through the national network of “*partner companies*” of the SMI. One of the issue met by these SMI, especially those located in very small township, may be to find personnel corresponding to the companies needs, notably for the most specialized and high qualifications. We notice that this issue seems less related to internal factors than to specifications of their environment. Indeed, the lack of sociocultural equipments and of services (day-care centers, hospitals, cultural and community centers, etc.) of some rural spaces looks like a problem for many employees concerning their expectations and need outside the work.

2.5.2 Employees Mobility and Mobilization

The workforce management relies a lot on the informal regulation modes of the working time. Frequently, “*we make more hours*” during the evening or the weekend. If the overtime is rarely paid, getting rest days is often the rule. Taking days off for gardening, picking in the family farm or practicing leisure activities. Very often, it is made in an informal way, through inter-individual “accommodations” between employees and directors. In addition, it is often the duration of the labor contract that varies, with repeated appeals, additionally, to fixed term contracts or part-time ones. These practices seems to be facilitated in rural area, because the population of this area, due to the common pluri-activity of the households or to the leisure possibility related to the nature, would accommodate more easily with this variation of the whole working time.

This flexible organization of work, requiring inter-personal agreements and employees capacities, would rely, for a part, on a subjective mobilization of the

employees. The representation of the company as a “*team*”, given by the directors, would likely stimulate the personnel involvement. Indeed, this representation looks like a valuing of the communication and the adherence. Unlike the model of the traditional family SME, of the “*expanded family circle*” (Bunel and Saglio 1979), the director (here the entrepreneur) does not show himself as a father, but better as a kind of sport leader who must lead the group in a fight toward success. This consensual image moves the place of the conflict, from the employer/employee relation, they come to the company/environment one. The employee relation is vanished by this representation where the legitimacy of the management is more about adherence, valuing both autonomy and solidarity, would likely be more a continuance of the cultural heritage of the rural population, than of the classical urban working tradition. We are not here in a case of values and norms sharing withing a local social community – i.e. institutional proximity – as it is seen in some traditional local productive systems, but more in front of a possible socio-cultural congruity between these neo-entrepreneurs and the rural population. (It would remain to explore this hypothesis and to study in which measure and following which terms employees agree or put up with this form of organization.)

Then, the management of work mode, observed in these SMI, combines tradition and modernism, interpersonal arrangements and adherence to the company’s project. In this, this type of management, belonging to the family of the new participative management modes, bidding on employees flexibility and mobilization, seemed to adapt itself well to the contemporary rural areas presenting mixed cultural characters. We can put forward, as an hypothesis, that the rural workforce, linking a cultural and technical pre-fordian heritage to modern lifestyles based on mobility and pluri-activity, would appear as a flexible potential of the management of work. What could have been presupposed as a problem for the development of companies in phase with the current performance criteria, appears here as an asset.

2.6 Conclusion

The directions chosen by these SMI, at the commercial, technical and labor management levels, show a consistent whole, confers to these companies a particular functioning mode which essential characteristic may be defined as a global capacity of adaptation. It appears as an ingenious development of the possibilities given by the state of the market, the techniques and the workforce. The study of these SMI reminds that beyond the established models of development, it would be wrong to underestimate the dynamic and innovative possibilities of adjustment, each time unusual; even if their eclecticism may surprise. The functioning mode of these companies has been marked by the values system of these directors of a special type. These senior executives, who consider without any reluctance technical innovations and commercial openings, could have found

in rural areas some possibilities of industrial development that traditional entrepreneurs seem still unable to perceive. The reasons of their companies performance would then be less related to the objective resources which others could miss, than in the elaboration of original solutions for which their real heritage seems mostly sociocultural.

If this case study leads to draw the outlines of a new form of SME, yet, this one would be an exclusiveness of the rural areas, even if it seems to find here a favorable environment. SME of similar types have been observed in urban areas or in other countries (Joyal and Deshaies 2000; Marchesnay 2004). These SME appear as a flexible form of business, bidding on the employees mobilization and the integration in inter-firms networks, mixing local anchorage and global links. It appears that this form of SME is an integral part of new contemporary socioeconomic patterns: based on values related to the neo-management by projects, they would be in line with immersing network convention. They would represent an original version in the world of the SME and rural spaces. Without focusing on valuing a geographical proximity based on communities limited to a local space, as in the traditional productive systems, this form of SME combine this with a proximity on a world-wide scale.

The rural world would not be neither neglected anymore by the new entrepreneurship, nor doomed to the industrialization types previously known. This case study, which shall not be representative of the state of the rural SMI, essentially allows, by revealing things, to find some leads regarding the current development possibilities for the SME in rural areas. This possibilities seem to be less related to a type of activity than to evolutions of a global nature: a social change in a certain category of entrepreneurs, the development of new technologies, the changes in competition criteria give more spaces for quality and diversity.

The advantages of the rural areas, as drawn here, are relatively disconcerting. The first one would rely on the sociocultural qualities of the rural workforce which, by relating a cultural and technical heritage ante-fordian with modern lifestyles based on mobility and pluri-activity, would appear as resource for flexible work management, putting up relatively well with the post-fordian management modes. Another aspect must also be mention, aspect not much usually considered as an industrialization factor: the natural environment. Indeed, it seems that the attraction exerted by this one on some new entrepreneurs, due to their particular vision of the "quality of life" (inside and outside work), has played a significant role at the time of the choice of the implementation place.

If we can put forth the hypothesis that new development perspectives are opening to SMI in rural areas, now it would be about carry on the thought by expanding the observation. A quantitative study would be useful to estimate the phenomenon scale, and also an international comparison. In addition, several leads remind to be explored: it would be about wondering concerning the type of products likely to fit or not to this form of industrialization, to check out the rural spaces which are the most attractive for these companies and to better understand the social dimension of the phenomenon, notably from the point of view of the population living in countryside.

References

- Bagnasco A (1977) *Tre Italie: la problematica territoriale dello sviluppo Italiano*. Il Mulino, Bologna
- Becattini G (ed) (1987) *Mercato e forze locali: il distretto industriale*. Il Mulino, Bologna
- Boltanski L, Chiapello E (1999) *Le nouvel esprit du capitalisme*. Gallimard, Paris. [The New Spirit of Capitalism (2005) Verso, London, New York]
- Bontron JC (1991) *Les dynamiques récentes de création et de localisation des activités en milieu rural*. Datar Segesa, Paris
- Bunel J, Saglio J (1979) *L'action patronale en France: du CNPF aux petits patrons*. PUF, Paris
- Castells M (1996) *The rise of the network society*, vol 1. Blackwell, Oxford
- Cogneau D, Dumont JC, Mouhoud EM (2000) Regional integration, migration, growth, and direct investment: a reading of the economic literature. In: Delapierre M, Moati P, Mouhoud EM (eds) *Globalization, migration, and development*. OECD Proceedings, Paris
- DATAR (2003) *Quelle France rurale pour 2020? Contribution à une nouvelle politique de développement rural durable*. DIAC, Paris
- Davidsson P, Achtenhagen L, Naldi L (2005) Research on small firm growth: a review. European Institute of Small growth Business, Sweden
- Donckels R, Dupont P, Michel P (1987) Multiple business starters: who? why? what? *J Small Bus Entrepreneurship* 5–1:48–63
- Eymard-Duvernay F (2002) Conventionalist approaches to enterprise. In: Favereau O, Lazega E (eds) *Conventions and structures*. Edward Elgar, London
- Eymard-Duvernay F (2004) *Economie politique de l'entreprise*. La Découverte, Paris
- Gilly JP, Torre A (eds) (2000) *Dynamiques de proximités*. L'Harmattan, Paris
- Hall PA, Soskice DW (eds) (2001) *Varieties of capitalism – the institutional foundations of comparative advantage*. Oxford University press, New York
- Joyal A, Deshaies L (2000) *Réseaux d'information des PME en milieu non-métropolitain*, *Cahier de Géographie du Québec* 44:122
- Julien PA, Marchesnay M (1988) *La petite entreprise*. Vuibert, Paris
- Levratto N (2007) La PME indépendante et performante, mythe ou réalité? Une analyse fondée sur le phénomène des hypogroupes en France. *Revue Internationale PME* 20(2):59–88
- Lichtenstein N (2007) A new world of retail supremacy: supply chains and workers' chains in the age of wal-mart. Conference, 11th Biennial Sociology of Work, London
- Marchesnay M (2004) Hypermodernité, hypofirme et singularité. *Management et Avenir* 2:7–26
- Nelson AC (1998) Determinants of exurban industrialization with local development policy implications. *Econ Dev Rev* 16(1):30–36
- Piore M, Sabel C (1984) *The second industrial divide*. Basic Books, New York
- Porter M (2000) Location, clusters and company strategy. In: Clark G, Gertler M, Feldman M (eds) *The Oxford handbook of economic geography*. Oxford University Press, Oxford
- Rallet A, Torre A (2001) Proximité géographique ou proximité organisationnelle? Une analyse spatiale des coopérations technologiques dans les réseaux localisés d'innovation. *Economie Appliquée* LIV:147–171
- Raveyre M, Saglio J (1984) Les systèmes industriels localisés: éléments pour une analyse sociologique des ensembles de PME industriels. *Sociologie du Travail* 84.2:157–176. (Localised industrial systems: elements of a sociological analysis of industrial groups of SME. *International Studies of Management Organisation* 20.1990. Ed Sharpe, New York)
- Rogers E, Larsen J (1984) *Silicon Valley fever: growth of high technology culture*. Basic books, New York
- Saxenian A, Hsu J (2001) The Silicon Valley- Hsinchu connection: technical communities and industrial upgrading. *Ind Corp Change* 10:893–920
- Torre A, Rallet A (2005) Proximity and localization. *Reg Stud* 39(1):47–60
- Veltz P (2000) *Le nouveau monde industriel*. Gallimard, Paris

- Watts DJ, Strogatz SH (1998) Collective dynamics of small-world networks. *Nature* 393 (4):147–171
- Zarifian P (1999) *Objectif compétence*. Edition Liaisons, Paris
- Zimmermann JB (2002) Grappes d'entreprises et petits mondes: une affaire de proximités. *Revue Economique* 53(3):517–524

Territorial Governance

Local Development, Rural Areas and Agrofood Systems

Torre, A.; Traversac, J.-B. (Eds.)

2011, XXXIII, 207 p., Hardcover

ISBN: 978-3-7908-2421-6

A product of Physica-Verlag Heidelberg