

2 Sector and Territory

In the context of global competition in products and production factors, the question of the location of firms and, in broader terms, of productive activity is being considered in a new light. Local territories, whose differentiating characteristics are a reflection of institutional variety, to be defined below, participate in a competitive contest to attract productive investments as "firms tend to become increasingly nomad." In tune to product cycles, technologies and division of labor, firms must also carefully consider the reasons for locating in one place or another. This, of course, depends on the cost of production factors at each location, but also, and more important, the opportunities to insert into a global industrial organization. Thus they must choose between being territorially anchored and nomadism.

All industrial activity proceeds from a productive activity whose efficiency depends on access to resources (relative prices of the factors and accessibility) and markets, and on the creation of resources (production earnings, technology and innovation) aimed at guaranteeing continuing production. These two dimensions of industrial activity assume the creation of resources as well as the utilization of external resources. These resources are either acquired by contractual relations within the market (transaction costs) or outside of the market (cooperation). "Firms do not need a perpetual location." (Perrat, Zimmermann, p. 17).

The quantity of created or acquired resources, and the various types of contractual relations, is the basis of a firm's choice between anchorage in a territory or nomadism. This choice does not strictly involve determining the suitability of a territory for a firm's parameters. Rather a dialectic with reciprocal interaction takes place in which the firm modifies and is itself modified by the territory thus creating (or maybe not creating) a common dynamic which will lead to a decision.

2.1 Sector and Territory. Crossed Competencies

The consequences of recognizing the importance of the spatial location of activities and the existence of differentiated local dynamics from the capitalist point of view can be observed at two levels.

"In the first place, production is included in the competitive dynamics that vary depending on the location". In this respect, G. Benko and A. Lipietz (1993 and 1999) describe the debate on winning or losing locations (regions or urban nuclei). With this renaissance of economic geography, A.L. Saxenian (1990) and A. Scott (1990) explore the dynamics of California's Silicon Valley as an example of a specific model of collective cognitive learning inscribed into a geographical space. A method of located productive organization is created leading to a new way of being competitive.

W.W. Powell and L. Smith-Doerr (1994), when analyzing relations among firms as "contract networks", distinguish four types of networks: research and development networks, strategic alliances, business groups (in the sense of "affaires groups" defined by Granovetter) and regional networks based on the model of industrial districts. Combined in a sectorial dimension, product innovation and competitiveness can also be explained by the spatial dimension and localized institutional context which favor various learning situations (Lorenzen, 1998). Territorial "specificity", when it exists, clearly demonstrates new tendencies either in the way new use values are generated or in distribution modalities. Thus, productivity gains are clearly less linked to a "taylorist" exploitation of a scale economy than to the capability of adapting (C. Dutertre, El Mouhous, Ph. Moati and P. Petid, 2000).

In other words, the firm in itself or even the network of relations among firms are not the only modalities of obtaining productivity gains or the creation of wealth. The spatial component of production and the system of local relations can be determining factors in some configurations.

Secondly, despite the dynamics of differentiation, local or regional locations compete with each other which eventually complicates the function of competition among firms. From empirical observations, it is known that there are locations where the availability of factors is, a priori, comparable, but they show different capabilities to mobilize information and technical knowledge through institutional action. Competition among producers is therefore the result of firms searching for an optimal location and places competing to attract firms and this competition interferes with the organization of production. Competition is thus significantly modified (G. Colletis, Gilly, Pecqueur).