



RESEARCH ARTICLE

SOCIAL CAPITAL TERRITORY AND THE HIGH ROAD OF COMPETITIVENESS THE CASE  
OF THE TEXTILE ENTERPRISES IN THE REGION OF CASABLANCA

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ABSTRACT

This article provides a quick scan of the literature that treats the subject of the localized production organizations. This analysis allows us to understand how the theoretical concepts developed by A. Marshall had great success as they were exhumed by the Italians in a series of works on the Third Italy. The localized production system developed (LPS) by Courlet (1994) helps circumscribe the organization that binds the enterprises together in a territory and highlight the nature of the benefits (positive externalities, reduced transaction costs, better coordination between the actors of a territory) yielded by proximity. Indeed, the LPS is far from being a concept in the true sense of the word because it is interpreted in several ways. The LPS can be attached first to a broader interpretation of the economic phenomena: either it is the new techno-organizational paradigm of reference resulting from the swing of the global mode of production or it is a component or even a transition state of the new industrial organizations that are being set up. The LPS can also be attached to a more specific interpretation referring to the history of economic development according to which any local reality would be, at some point, more or less an LPS. It is but a unit of analysis, which, as the organization, sees its theoretical foundations vary according to approaches and authors. This means that the literature only analyzes the forms of organization in local systems, without explaining their foundations nor their evolution. However, the industrial district and the LPS concepts are each specific features of the "standard-categories" of the industrial territories. Thus, the continuity between the two schools stems only from the benefits of belonging to a territory in the broad sense of the word.

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INTRODUCTION

In this article we are particularly interested in the relationship between social capital, territory, and competitiveness. This bond is justified by the existence worldwide, in developed countries as well as in developing countries, of certain competitive production systems. They are called "Systèmes productifs localisés" in France, "distretti industriali" in Italy and "clusters" in Anglo-Saxon countries. These networks of small and medium enterprises specialize in a trade or product and develop complementary relationships, usually in a limited geographical area. These regionalized production systems can form competitive local nodes in the context of a global market (Pecqueur, 2000). All the work of the English economist Alfred Marshall was reinstated when researchers from Italy and other countries zeroed in on the "miracle" of the localized enterprises

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networks in Northern Italy (Piore and Sabel, 1989). The geographic concentration of enterprises can give birth to a local and specialized labor market (Veltz, 1996). The proximity of enterprises offers collaborations favorable to efficiency (cost reduction of information and various transactions). For example, networks allow enterprises to cooperate in areas as diverse as training, financing, technological development, product design, sub-contracting, marketing, export and distribution (Klein, 2000). The concept of the LPS, developed by the Grenoble school founded by Courlet and Pecqueur, is an extension of the industrial district concept and an evidence of a collective will to identify forms of localized production organizations comparable to the industrial district (Courlet, 2000). Unlike the concept of industrial district, the LPS is not a stable and unanimously defined concept. The purpose of this paper is to bring forward reflection on the relevance of the concept of territory in the analysis of the economic development of textiles and clothing industry in the region of Casablanca. It's indeed a matter of studying the dynamics of the positive development of the "LPSs" whose fabric is based on a network of small and

medium enterprises as opposed to the decline of the traditional industrial centers of mass production. The central question is whether or not the LPS is a model for the regeneration of local and regional economies in Morocco in general and in Casablanca in particular.

### Casablanca : the industry and the city, some methodological insights

Casablanca is unquestionably the largest urban agglomeration in Morocco. This could be explained by several factors such as its history and its economic and social dynamism. Casablanca is a recently-born city. It is contemporaneous with a clash (rather than a meeting) of cultures and subcultures. This does not mean that this city has no founding ancestor. Historians interchangeably called the geographical zone occupied by Casablanca "Anfa", "Anafa", or "Anafi" (Council of the Grand Casablanca Region, 2004). Inquiring into the historical conditions that led its birth, the industrial activity could only be coastal and particularly Casablanca-bound. Its establishment and fulfillment elements are all exogenous and congruent with an optimal and selective strategy of exploitation of the national space. Casablanca was an attraction site par excellence for the colonial industry. It met the needs of the metropolitan markets: capital, men, port...

Today, Casablanca is the heart of the Moroccan economy, with 44% of added value in 2013, 37% of investments and 30% of the country's overall exports<sup>1</sup>. It is the Kingdom's hub and a melting pot of extremely diversified activities (modern services, wholesale trade, industry, finance ...). The industrial activity is predominant and is a puissant catalyst for the growth and expansion of the urban fabric. Thus, a territorial agglomeration where 31% of the production units in the country and nearly 37.5% of the industrial workforce are concentrated. It dominates the national industrial space by the weight of its production system, the diversity of the manufactured goods and its place at the top of the hierarchy of the country's industrial centers. This supremacy is even more pronounced if we take into account the activities that serve or accompany the industry. The Grand Casablanca region is distinguished by the importance of women's employment as the rate of female employment is 28%. The competitiveness of the Grand Casablanca is closely linked to the level of performance of the national economy in general and vice versa. It is difficult to disassociate the fate of competitiveness of Casablanca from the development of the national economy. Casablanca is the pool of the Moroccan economy and it is also its locomotive. The analysis of the structure of the industrial mesh per economic region reflects high inter- and intra-regional disparities in terms of industrial development, with a strong concentration of industrial activity in the Grand Casablanca. The professional organizations are present and operational at the local level, but they still suffer from financing issues of their internal operation which hinder their effectiveness. Also, the professional chambers are usually criticized for their weaknesses in terms of supervision, continuing vocational training and promotion of sectors of activity as well as the predominance of the political role over the economic and social role to be played by any professional organization. Casablanca towers above all Moroccan cities because of the importance size of its enterprises, the increase in its production sectors and the wide range of products.

Unlike other industrial centers in Morocco, the industrial structure of Casablanca is manifold, all industrial sectors (traditional or modern) are present. There is no industrial specialization. This economic metropolis has a dense industrial fabric and a fairly comprehensive manufacturing range in comparison with the rest of the country.

The analysis of statistical data shows industrial employment pools where the enterprises are not equal-sized in all the communes of Casablanca. For example, 13% of the industrial enterprises settled in the commune of Sidi Bernoussi Zenata and employ 24% of the workforce. However, The Fida-Derb Sultan zone received 7% of the industrial enterprises and employ only 3% of the workforce. In the first commune, every enterprise has an average of 135 employees and in the second the average is 35 employees. Subsequently, we tried to analyze the regional distribution of textile and clothing enterprises. This analysis highlighted other employment pools. In other words, textile and clothing enterprises are not everywhere in Casablanca, but concentrated in limited spaces. These spaces are not similar, but each has its own characteristics.

In the region of Ain chock and AL Fida Derb Sultan, there are mainly small informal enterprises working for the local market. These enterprises, which are family-run, employ between 20 and 50 people. Thus, during their development, these enterprises are opening up to the foreign market and will eventually become exporting enterprises. In this region, there is a strong complementarity relationship between the formal and the informal. The dialectic competition / cooperation is conspicuous. In addition, the networks are characterized by kinship and ethnic solidarity. The Maarif region: according Kaïoua (1996) "the development of the over- or underground small industry is the basis for the rapid changes in this neighborhood (Maarif), which over a few years evolved from a residential area into a kind of spontaneous and very original "industrial zone", however these enterprises tend to relocate to major industrial zones on the outskirts of Casablanca. The remaining enterprises are of different sizes (50 to 200 people) in general. The existence of a complementary activity in this space encourages enterprises to entertain market relationships. The industrial zone of Ben M'Sik: the characteristics of the existing enterprises are different. They are of recent origin (between 1985 and 2000) and they are large SMEs which employ between 200 and 800 people. There is an institutional network of cooperation between these enterprises and the relationships between them are professional rather than otherwise (family and ethnic).

**Table: Position of the textile sector compared to the other sectors<sup>2</sup> in the communes of Casablanca in 2014**

Province	The percentage compared to the agglomeration			
	Num of Enterprises	Turnover	Export	Workforce
Ain chock- Hay Hassani	49%	26%	55%	55%
Ain Sebaa- Hay Mohammadi	26%	8%	32%	32%
Al Fida-Derb Sultan	32%	7%	89%	31%
Ben M'sik	55%	64%	77%	77%
Casa-Anfa	28%	15%	61%	41%
Mohammedia	17%	2%	6%	24%
Sidi Bernoussi-Zenata	34%	13%	57%	47%
Total	34%	13%	46%	46%

Source: self-made based on several documents

<sup>1</sup> Ministère de l'industrie du commerce et de l'énergie et des mines (2014), «L'industrie en chiffre/Industry in figures».

<sup>2</sup> The first column of the first line shows that textile enterprises represent 49% of the enterprises located in the region of Ain Chok.

## The post-Fordism: A new conception of competitiveness

Based on the opposition between "Fordism and foreseeable future" and "knowledge economy and increasing uncertainty," Ascher (2000) believes that there is a wide rift between the development principles implemented until the 1970s and those which characterize the economy of the early 21st century. In the same vein, Piore and Sabel (1989) clearly mention in their book "Pathways to Prosperity" the mass markets saturation as well as the shift in the taste of consumers who are increasingly inclined to seek diversity or even product customization. Moreover, the consumption homogenization hypothesis on which relies the mass production model, and which expresses the idea that an individual is willing to consume uniform goods provided the costs are increasingly limited, is becoming obsolete. According to EL Mouhoud (1992), the traditional consumption model is characterized by a homogeneous demand, compelling enterprises to maximize economic batch size launching i.e. "maximizing the quantity launched in the manufacturing of strictly identical or similar intermediate goods to minimize the average cost" (El Mouhoud 1992). Therefore, enterprises must then make small series of differentiated products in a cost-effective manner equivalent to that prevailing in a standardized production model. The crisis of Fordism calls therefore for another model of development: the post-Fordism or, according to others, the "after-Fordism" or even the "flexible accumulation" (Benko, 1995). Veltz (1994) emphasizes that other factors have intervened to modify the terms of international competition in the last fifteen years: "the opening of markets has transformed the universe of competition (...) the technical changes have, at the same time, fundamentally changed the means to access these performances, by discrediting the old Taylorist methods" (Veltz, 1994). Piore and Sabel (1989) propose a second strategy to overcome this crisis: "The flexible specialization"<sup>3</sup>. Because of its characteristics and the organizational principles on which it is based, this strategy has proved to be adequate especially in an environment marked by market instability and volatility. (Joffre et al 1992)

Furthermore, several empirical studies have demonstrated that controlling costs is not sufficient to ensure competitiveness because "the competitive advantage based on factors costs will be dethroned by the existence of even lower costs in another country, or by subsidies. The today low-wage country is quickly replaced by another tomorrow" (Porter, 1993). The capacity to innovate, to quickly respond to the variations of high volume orders, to offer products that meet the specific needs of customers are today, according to Pecqueur and Colletis (2004), all essential variables to competitive strategies, sometimes grouped under the term somewhat imprecise "flexibility". Flexible specialization is a form of industrial organization based on new technologies (microelectronics, computers, digitally-controlled machine ...). It leads to a production in small series and increases the ability of the company to adapt quickly to changes in demand. Thus, it is an alternative to the rigidity of the Fordist mass production model. Examples of the so-called "winning" regions attest to the importance of the flexible specialization and the territorial deep-rootedness as determinants of the competitiveness of the

territorial systems of production (Benko and Lipietz, 1992). Therefore, the competitive advantage of a nation in a globalized economy, cannot rest anymore on the globalized enterprises only. It is also built upon systems of enterprises anchored in their territory (Mudard-Franssen, 2001). The comparative advantage arises from a localization capable of promoting productivity and more particularly its growth. This productivity and its growth are higher in the case of a territorial system of enterprises than in that of isolated firms or sectors (Billaudot, 2004). The main economic challenge seems to be the full integration of the innovation process. In addition, in 1989 Piore and Sabel already interpreted the success of the industrial districts as a particular case in a much more general trend. They posited the idea that a regime based on flexible specialization was to replace the rigidly structured mass production Fordist regime. Scott and Storper<sup>4</sup> state that the LPS<sup>5</sup> is the result of a new geography of flexible accumulation in response to the Fordist accumulation mode. Courlet (2001b) supports the same idea by declaring that "The Fordist organization is replaced by a flexible territorial organization characterized by a division of labor between smaller firms and an institutional fabric promoting the circulation of information, the internal coordination of territories as genuine entities and their openness to the world."<sup>6</sup>. Speaking of the flexible specialization in the LPSs, Schmitz (1997) mentions "collective performance" because "the capacity to adapt to change can neither be valued nor understood if confined within the framework of an isolated enterprise" (Courlet, Pecqueur, 1996). In fact, "the LPS is a synthetic notion which is at the crossroads of several theoretical approaches aiming to rethink the question of development based on a reflection centered on the productive and organizational dynamics and their relationship to space" (Ferguene 2001). In sum, "The flexible specialization and its spatial projection, the LPS, can be seen as a typical ideal conceived as an analysis of the current forms of industrial organization (...) The LPS can be associated first with a broader interpretation of economic phenomena: either it is the new reference technical-organizational paradigm consecutive to the switch in the global production mode, or a component or an intermediate state of new industrial organizations being put in place" (Courlet 2001a). Prior to all these authors, Marshall<sup>7</sup> stressed the benefits of a production organization linked to a territory: "When an industry has thus chosen a locality for itself, it is likely to stay there long: so great are the advantages which people following the same skilled trade get from near neighbourhood to one another." Two types of benefits held

<sup>4</sup> Quoted by Courlet C, « Les systèmes productifs localisés: un bilan de la littérature/ Localized production systems: a review of the literature », Ecole chercheurs INRA, Le Croisic.

<sup>5</sup> The localized production system (LPS) appears as a synthesis to apprehend the connections between economic dynamics and territory. Cf. Courlet C Pecqueur B (1996) « Districts industriels, systèmes productifs localisés et développement/ industrial districts, localized production systems and development » in Abdelamalki L, Courlet C, « Les nouvelles logiques de développement/The new logics of development » coll. « logiques économiques/Economic logics », Paris, Harmattan, p 96.

<sup>6</sup> Veltz (1994) also emphasizes the role of intra-territory relations as a cornerstone for the new competitiveness of enterprises. He stressed that "cooperation of all kinds is key to the new competitiveness and that the economic development of territories, such as development in general, now goes by the density and quality of networks between actors. It depends more on the relevance of collective frameworks of action, projects vigor and expectations of the future more than infrastructures or equipment" (Veltz P, 1994).

<sup>7</sup> Mudard-Franssen N (2001) « La question des « systèmes de production localisés/The issue of localized production systems », "Local is Beautiful", LAB.R11, work document n° 37 February 2001.

<sup>3</sup> Flexible specialization is a form of industrial organization based on new technologies (microelectronics, computers, digitally-controlled machine ...). It leads to a small series production and increases the ability of the company to adapt quickly to changes in demand. Thus, it is an alternative to the rigidity of the Fordist mass production model.

his attention "(...) *The mysteries of the trade become no mysteries; but are as it were in the air, and children learn many of them unconsciously.; (...) if one man starts a new idea, it is taken up by others and combined with suggestions of their own; and thus it becomes the source of further new ideas.*" (Courlet, 2001) He speaks of external economies of agglomeration, and the effectiveness of an LPS is largely related to its territorial insertion. Hsaini (2000) also tried to show that in addition to the Marshallian external economies, there is at least another parameter that contributes to the effectiveness of the LPSs: their flexibility.

### The LPS : a generic territory

The LPS is in the center of debates on the relationships between industry and territory. It appears as a synthesis which allows to apprehend the connections between economic dynamics and territory (Courlet and Pecqueur, 1996). For Courlet (1999) this concept "*derives from the combination of different contributions of recent literature to the subject: the proposals of F. Wilkinson who introduces the notion of production system, those of G. Garofoli (1983) with the idea of local production system to mark the deep symbiosis between the economic and socio-cultural phenomena, and finally, those of certain French authors with the term localized production system to introduce the role of local regulations (Raveyre, Saglio, 1984; Courlet, Pecqueur 1991 ; Ganne, 1992; Courlet, Soulage, 1994).*" The notion of localized production system presents itself as a set of interdependent activities, technically and economically organized, and territorially agglomerated. This concept also means "*a collective way of living, thinking and producing, specific to an enterprise, a space, a milieu. It expresses particular arrangements, practices and ways of social and economic organization. It defines a specific structure of the economic and social relations interplay between actors in a delimited geographical and socio-cultural space*" (Dimou 1994). The LPS allows to give an account of the role of SMEs and their cooperation in a given territorial framework without neglecting the effects of proximity and the local socio-cultural context. The localized production systems display SMEs in a system of enterprises. The proximity of agents belonging to the same space of establishment, as opposed to being distant and external, is a fundamental characteristic of the localized production systems. Indeed, the LPS differs from the industrial district by, amongst other things, the fact that enterprises are not necessarily concentrated in a single branch or specialized in the production of components of a single product. In addition, in the LPS, the territorialized relations may be between SMEs but also between SMEs and a large enterprise and even between large enterprises. In other words, there is an LPS insofar as relations between enterprises are not reduced to traditional sub-contracting (Courlet and Soulage 1994). Moreover, the LPS enterprises are also characterized by their high flexibility and their capacity to meet a variable and differentiated demand in time and space. The LPSs can in fact find their origin in a long artisanal tradition that gradually switches to an industrialization process, be part of a dynamic linked to the "territorial decentralization of production" (Garofoli, 1992) or to the "vertical disintegration" (Leborgne and Lipietz, 1991) and be present in low-density environments such as the metropolitan areas.

Proximity, networks, competition and cooperation are the basic ingredients of an industrial organization characterized by a spatial concentration of production. By adding the

specialization of enterprises in a trade and/or a product to these components, the main characteristics of localized production systems, as defined by DATAR (a Former French Inter-Ministerial Delegation to Spatial Planning and Regional Attractiveness), are then met. Thus, DATAR relies broadly on Courlet's (1994) definition of the Localized Production System to define one of its aid programs to local economic development within a comprehensive framework of spatial planning: "The Localized Production System can be defined as a configuration of enterprises grouped together in a proximity space, revolving around a trade or even several industrial trades. The enterprises entertain relationships between themselves and with the socio-cultural milieu of integration. They are not fully market relationships, they are also informal and produce positive externalities for all the enterprises. The dominant industrial trade does not exclude the possibility of several industrial branches."

Proximity, networks, competition and cooperation are the basic ingredients of an industrial organization characterized by spatial concentration of production (Pecqueur, 2004). By adding these components to the specialization of enterprises around a business and / or product, the main characteristics of localized productive systems, as defined by DATAR, are met. Thus, Datar is broadly based on the definition of Courlet (1994) Productive Located system to define one of its aid to local economic development programs within a comprehensive framework of spatial planning: "*The Localized Production System can be defined as a configuration of enterprises grouped together in a proximity space, revolving around a trade or even several industrial trades. The enterprises entertain relationships between themselves and with the socio-cultural milieu of integration. They are not fully market relationships, they are also informal and produce positive externalities for all the enterprises. The dominant industrial trade does not exclude the possibility of several industrial branches.*"

The LPS consists also of a cluster of SMEs connected or not to one or many large enterprises located in the same proximity space (local or sub-regional) and revolving around a trade, or even several industrial trades (Ferguène, 2004). There is a dense network of interdependencies between the various enterprises affiliated with the LPS. These relationships "*range from the pursuit of a specialized production, which one enterprise cannot achieve, to the development of outstanding economies of scale*" (Courlet and Soulage, 1994, page 18). Therefore, there are particular market relationships between the enterprises in the case of specialized production, and cooperation relationships in the case of the pursuit of external economies of scale (Pecqueur et al, 2004). For goods and services not to mention employment, the LPS is based on a system of regulation that appeals not only to the rules of the market but also to a social code, to social forms: rules, values, etc.

The LPS is in line with the pursuit of the territorial dynamics and the industrial localization, which are subjects of studies shared at the same time by economists, sociologists and geographers. For economists who study the LPS the market is central to their construction, they do not neglect the specificity of the firm and underline the competition-cooperation blend to which it is committed; the specificity of these production forms comes then from this arrangement of apparently opposing forces. Their specificity seems to be in the

combination of analytical tools borrowed from both economy and sociology, which may reveal a sense of theoretical fragility. The LPS is a specific organization that creates technologies whose *"own innovation capacities would emerge over the course of their history and explain the dynamics thereof"* (Ragni 1997). Also, the LPS is a milieu where the process of innovation could be permanent since the different stakeholders seek *"to determine the external conditions necessary for the birth of the enterprise and adoption of innovation"* (Benko 1995). Innovation is a product of the activity (Courlet 2001), and usually in continuity with the experience acquired by the milieu (Courlet and Soulage, 1994), and in addition, the *"geographically neighbor enterprises are more likely to exchange knowledge formally or informally (...)* all this confirms the importance of geographical proximity between economic actors, and encourages the consideration of the weight of spatial networks of knowledge" (Courlet 2001).

These enterprise systems have many economic and social assets. First, this organization strengthens the economic performance of enterprises in the fields of innovation, competitiveness, production, export, efficiency and specialization. In the new economic context, the competitiveness of a territory depends on infrastructures, human resources and not only technological innovation but also the innovation of the milieu (coordination, involvement).

#### **The competitiveness of the textile and clothing industry in Casablanca: the role of the territory**

We must first *"reject outright the idea that Casablanca may be the relevant territory for the establishment of an LPS (...)* To be operative, the notion of the LPS can be applied only in well delimited geographic zones" (Jaidi et al., 2001). Hence, the need to divide Casablanca into many study zones is compelling in our study. Moreover, this idea refers to the theory of the LPS specificity in developing countries. The latter, unlike the industrial districts or the LPSs in Europe that emerged in rural areas, are mostly based in urban milieus and do not really have a long history of industrialization. (Samson, 2004)

#### **The textile and clothing industry in Morocco: a threatened industry**

There are serious threats to the Moroccan textile whose main markets were artificially created by the quota system that prevailed during the last thirty years ( . Trade liberalization, the end of the Multi-Fibre Agreement on 1 January 2005, and the accession of China to the WTO have undoubtedly changed the previous data of the sector and have intensified competition within it. At the time when Asian countries, and China in particular, appeared to be the beneficiaries of these unprecedented global adjustments, the Moroccan textile industry did not seem ready to face this direct competition. In particular, the price competitiveness strategy currently pursued by the Moroccan actors is not sustainable because Morocco's production costs are higher than those of its Asian competitors. The Moroccan textile industry suffers from a lack of competitiveness due to a combination of factors including the small domestic market, the persistent weakness of public infrastructure (transport, electrification, and availability of industrial land) and the lack of human capital, which translates into a recurrent trade deficit. Moreover, the Moroccan industrial productions are low value-added, undiversified and highly dependent on the European market (80% of its textile

products are destined for the European market). However, some factors moderate this pessimistic view. The competitiveness of a clothing product is not limited only to the comparison between labor costs and prices worldwide. This product consists of a set of attributes namely the price, time, quality, material, style. The differences in price reflect the data related to wages, productivity and indirect costs such as transportation. If the price remains high, especially in distribution and for the so-called "standardized" products, the non-price competitiveness has become crucial for the 'fashion' products, more 'risky', which results in small series with the possibility of replenishment orders. The quick turnaround time adapted to a short distribution channel and the swiftly changing fashion trends are now the prime manufacturers' requirements. Another very valued component is product quality which relates to "creativity." But the "creative" collections, which require a significant development, are all better performed when the manufacturing premises are close to the prime manufacturers.

This reflects two major ideas to us. On the one hand, the geographical proximity of Morocco could still remain a decisive advantage for the competitiveness of this industry. On the other hand, the actors of the Moroccan textile should explore production niches other than those based only on price. In other words, these actors should avoid bad specialization which is considered an untenable option in the long run (Chaponnière, 2004). The goal will be then to strengthen the competitiveness of the sector and place it on buoyant markets. They should already determine what will be its competitive advantages vis-à-vis its competitors in Asia and the rest of the world. Voluntarism must then substitute for fear, and that for two reasons. The first is that the Moroccan textile must develop a voluntaristic policy to better adapt its offer of products and services. This policy shall be based on excellence and differentiation. It should aim to free the textile and clothing industry from its current, highly threatened, role as sub-contracting to Europe and be resolutely oriented towards the valuation of supply, a sine qua non to take up the twin challenges of globalization markets and Asian competition. To meet the challenges of the new context, the actors have already envisaged some solutions: They expect a considerable effort on the part of the Moroccan government to address certain gaps. For example, the Moroccan textile could also try to "trace back" certain models of elaborate textiles where it would have a competitive advantage. The second reason is that the statistical analysis of the official reports (Ministry of commerce, industry, investment and digital economy) or the professional associations' studies (CGEM, AMITH) or the academic research (Achy, 2003; Chaponnière, 2003) portrays a dramatic vision of the Moroccan textile and clothing sector in general. However, we were struck by the abundance of production: all enterprises operate full-time, all markets are mushrooming with a wide and diverse range of products, commodities or intermediate products. Furthermore, the movement of textile products inputs/outputs at the port of Casablanca remains more or less constant. Thus, this vision is paradoxical compared to the indicators from both the official and professional associations' reports. Yet the paradox is but apparent: the economic dynamics in Casablanca are explained by the dynamics of the economy and the textile and clothing sector and which do not figure out in the official reports. Today, one cannot deny the dynamic points generated by the textile and clothing sector, both socially and economically. Its activities stimulate production and consumption. They

generate employment, income, learning.... Therefore, the spatial insertion of the Moroccan textile and clothing industry in the geographical space gives us, in addition to a readability of the facts, a richer analysis framework for their observation. Thus, the statistical analysis of the enterprises concentration in the region of Casablanca reflected a large intra-regional disparity. This analysis allows us to spot specialized employment pools in this region. Three specialized regions in textile and clothing were determined namely the region of Ben M'sik, Ain chok-Al Fida and Maarif. These three regions are very heterogeneous and show different characteristics.

### **The role of SPLs in the competitiveness of the textile and clothing enterprises in Casablanca**

In the last five years, the international textile crisis, after having created a situation of stagnation in the national economies of both the developed and developing countries, has sparked many forms of reaction and a process of adaptation and innovation to handle the brutal change in the capacity of production systems and global markets. The spatial, economic and social changes are developing. They are prompted by the strategies of actors and their entrepreneurial behaviors that create new forms of development locally. Today, in almost all industrialized countries, the function of entrepreneurs and the SMEs are revalued in the political and economic discourse. Consequently, it is indisputable that the economic crisis creates more development potential for locally anchored SMEs which through their flexibility and adaptability, are favorable to innovation. They have a crucial privilege compared to larger enterprises: they are able to have an increasingly shorter response time to re-orient production to the new market demands. These organizational changes do not lead to a unique production model. The dynamics of these development systems are represented by the entrepreneurial dynamics of business leaders. In the production model prevailing in these three systems, there is a coherence between the production organization, the products quality and the local savoir-faire. Products pricing is based upon the working time (calculated per minute) and the quantity produced. Products quality depends on the material used, the enterprise's technical investments and the local workforce savoir-faire. The designation "LPS" could then make full sense. Therefore, the application of an identification index of LPSs allows to understand that the three studied zones are LPSs. Each region has its own characteristics (type of enterprises, actors interplay, employment ...). But one fact is clear: the territory has played a key role in the competitive development of textiles and clothing in these zones. What seems to be the pioneer specificity of textiles and clothing in such zones and most noteworthy is the reactive behavior and corrective response of the actors when dealing with the crisis. The dynamics and adaptation skills that drive them are the basis for the establishment of a socio-economic fabric in Casablanca.

### **The corrective strategy of actors**

Currently, the development dynamics are exo-endogenous. They originate in the renewal and innovation capacity of some enterprises on one hand, and on the other hand in the savoir-faire transfer fostered by the major distributors. Now these forms of development are largely supported by the movements affecting the entire textile activity internationally, namely those arising from the pressure exerted by the new forms of distribution. This context transformation impacts the quality of

products. The latter is increasingly becoming linked to shorter production cycles and creativity. In addition, pricing is assessed against Asian products, not in terms of manufacturing. However, there is always a local specificity related to the history of textiles in these regions. And if many assets of the local industrial organization were impaired by these changes, others still remain consistent. We are indeed in a region known for its local savoir-faire. The flexible production system that characterizes these three regions is perfectly adjusted to the needs claimed by the new production organization that favors shorter production cycles and the continual and permanent renewal of collections. The multitude of enterprises of all sizes close to each other is one of the pillars of the current organization. The most competitive enterprises rely on the flexibility of such a system and the local savoir-faire. However, the flexibility of production is largely based on the flexibility of youth workers, especially female workers, and their involvement in such work forms. But today, young people are reluctant to work in textile and are moving to other jobs that are less strenuous. The analysis of the different dynamics enabled us to grasp the complexity and specificity of the factors involved in the development of textile in Casablanca, as well as the inherent characteristics of the enterprises and specifically clothing enterprises.

All observations we were able to make cannot be considered as definitive findings as the reality of the studied sector is constantly evolving. It depends on space and its history, the relations established between the actors in their immediate environment and the relations between the upstream and downstream sector. Some enterprises owe their development in part to advantages other than cheaper labor (adaptation research, innovation, responsiveness). These enterprises show certain transition dynamics. They manage to meet new needs and conquer new markets internationally by borrowing means from both the traditional enterprise and the modern organization. This is a reactive behavior of the actors, private or public, with corrective responses. These actors cash in on possibilities that could arise from this context and according to their own terms and specificities. Yet they still face many barriers and obstacles to their initiatives. Professional logics remain, in the majority of cases, marked by traditional values. Despite this, business leaders manage to adapt and match the "traditional" with the "modern", and we would even say, to profit from the different situations and production models.

They draw strength, flexibility and the necessary support to help themselves evolve (kinship and ethnic solidarity, learning system, family and endogenous financing ...) from the traditional model. In the modern model, they borrow methods of operation, organization, production that enable them to follow passageways and evolution paths in an uncertain economic context. Through the territorial dynamic, textile enterprises rely on forms of spatial solidarity i.e. the specific set of relations that bring together the actors in a milieu favorable to their evolution. Thus, in the three studied zones, territory remains the basis of competitiveness for clothing enterprises. It is the historical place of accumulation of several forms of social and economic organizations where the competitive advantages of this sector develop, where actors respond and adapt to exogenous threats. The role of territory refers to its social and economic image and creates dynamization between the textile enterprises by the creation of several enterprises each year.

## The development of entrepreneurship

New development prospects of the textile sector in Casablanca are emerging, and this is reflected by a concrete evolution of a small number of textile enterprises to more developed enterprises, internationally oriented while leveraging the specificities of their territories. Today, the territories studied are heterogeneous and composite, both fixed and dynamic, where both involute activities and progressive activities evolve. The latter being able to perform spatial, social and economic changes. Therefore variations appear within these territories and shows that enterprises do not have the same operating logic. Also, there is a variety of enterprises which evolve in these territories. These territories seem to be home of an unstable articulation of heterogeneous enterprises which take the territory for a kind of common asylum. All enterprises remain anchored in their territory and only a minority gets reorganized in a capitalist fashion and grow internationally. Thus the studied enterprises are therefore present in our work as two major groups, with specific forms of production:

- The group of sub-contracting or emerging enterprises;
- The group of in-transition or intermediate enterprises;

The differences between these two groups of enterprises are far from negligible even if, initially, these enterprises operated based on specific identical production models related to territory. In addition, through the entrepreneurial dynamics, a break occurs between the two groups. It exists between Fordist production units and units in transition toward a post-Fordist production model based on innovation, responsiveness and flexibility. In these territories there are Fordist enterprises which impart their specificities on territories and other in-transition enterprises destined to leave. The group of emerging enterprises consists of unorganized subcontracting enterprises which fall under the subsistence economy and which despite the fact that they started up with a small capital and an uncertain activity, display a capacity to adapt. These enterprises adapt to the strong variations in the market, in the pace of work and in income. In contrast, the business leaders of the group of in-transition enterprises acquire entrepreneurial behaviors. Due to the evolution in the process of production, management, marketing... these business leaders must not adapt, but immediately take into account the variations of the market and their social, economic and institutional environment. This translates into evolutionary transformations inside and outside the enterprise and therefore the dictates of adaptation. Gradually, these enterprises undertake innovations: they introduce new products in the production process and new methods. They use new products and approach and negotiate new markets while entertaining competitive or complementarity relations with the neighboring enterprises. In the studied zones, each form of enterprise generates its own mechanisms of adaptation to market constraints. These enterprises, however, demonstrate their potential to adapt and react according to local and global demands. Some enterprises manage the transition to higher production functions. They evolve thanks to a "gradual upgrading" from sub-contracting to innovative enterprises. These enterprises convert to novel forms of in-transition enterprises.

It seems that the different dynamics bear the booms that allow the socio-economic development of the textile and clothing sector in Casablanca and in some cases create conditions favorable to the development of its international

competitiveness. These well distinctive development forms evolve thanks to an economic milieu and rely on local integration and social cohesion. They thrive on the margins of the international and national crisis in the sector, and create their own mechanisms of adaptation that enable them to have a relative autonomy and resist the constraints of the crisis. These enterprises are therefore the source of a certain dynamic entrepreneurship. For the future of these systems, the advantage is that the creation hubs are becoming entirely internal and the local savoir-faire will not be reduced to the flexibility of the production system. Only then, one could speak of a localized production system.

## Conclusion

The territorial approach of the competitiveness of textile and clothing enterprises in Casablanca is absolutely systemic. This approach requires analytical tools that go far beyond the mere economic sphere. Therefore, it is easy to understand why economists, geographers and sociologists are all interested in the issue of territory. Also, the economic transition of this sector remains conditional. Positive prospects are emerging for the future but this will be conditioned by competitive strategies based on key factors such as quality, creativity, responsiveness and flexibility. Thus, the public policies and their economic intervention in respect of the textile and clothing industry can make sense only if they fit in the dynamic movement and the overall logic of this sector i.e. by integrating the territory, as a new data, in their evaluation matrix of this sector. This relative revival of the territory has naturally led us to, first, wonder whether the Casablanca economic actors could integrate well the territorial variable in their competitive strategies based on innovation and creativity, and second, to question the effects of proximity on the economic processes and, particularly, on the production of innovation in geographically concentrated production systems (Moflih, 2005). The textile industry in Casablanca is midway between two states. First, a state of "*Weak competitiveness*" which translates into the predominance of competitive strategies based on disadvantages/costs, a lack of consistent territorial networks, a comprehensive local articulation mainly passive, and a weak innovation capacity. And second, a state of "*strong competitiveness*", based on the existence of favorable cyclical conditions for economic framing. These conditions allow the establishment of emerging innovative product lines in the international markets and a logic of flexible specialization.

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