
Individual and collective entrepreneurship for SMEs: The case of “French Exception”

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To the community of scholars on SMEs, entrepreneurship, and more generally on capitalism, France appears as almost heterodox, exotic, and impossible to understand. For instance, Fukuyama classifies France as a *no trust society*, hostile both to entrepreneurship (people preferring a riskless job – such as civil servant) and to the *Profit Society* (“dirty money”, said President Mitterand). As a result, international comparisons on entrepreneurship and SMEs research avoid any reference to the French case – such as, for instance, in Michael Porter’s studies on European clusters.

What we name *the French Exception* may be defined by means of the following features:

- State power, implying exceeding bureaucracy, overcentralization, technocracy, economic interventionism, *enarchy* (inspired by ENA: National School of Public Administration – in fact training CEOs. for the main corporations in the private sector)
- Weak legitimacy of business activities, compared to the public ones, and, consequently, one of the weakest rates of entrepreneurship in the World, as shown by Thierry Volery (GEM Report 2000)
- Propensity to protect activities and get *situations for life*, which is called *corporatism*, inherited from Middle-Ages.

Fortunately, reality is more complex, as we tried to show during the last conference at Lugano, focusing on the French entrepreneurial profiles, and the figure of the *enterprising entrepreneur*.

In this present contribution, I intend to go further into the key factors of success for collective behaviours of smaller business firms working inside a territory, in spite of the so-called *French Exception*. Namely, besides more classical clusters or districts, I shall mention what are called *produits de terroir* (regional produce).

At a first glance, *terroir* may be defined as a territory benefiting from specific resources, due to a specific combination of nature and people (habits, tradition, abilities). Insiders, as long as they obey legal rules, get an official label, not only guaranteeing consumers both quality and *distinction*, but also a situation for life for producers.

The best-known example of such a *terroir produce* is Champagne. The brand *French Champagne* is allowed only for the harvest made inside a strictly delineated wine yard, around the town of Reims. Champagne is produced partly by small producers (*propriétaires-récoltants*), with their own brand, and partly by large houses (*maisons*), owned by big financial concerns, agro-food and luxury industry (for instance, the French conglomerate LVMH: Louis Vuitton-Moët-Hennessy). Enjoying highly profitable brands, such as the well-known *Veuve Clicquot*, joint limitations in space and productive returns create stable monopolies and ricardian rents.

Observing industrial districts, Alfred Marshall also pointed out various local factors contributing to success: space, communications, specific abilities of workers (as in the Sheffield District), and the synergetic effect of *externalities* (including tacit knowledge) for local entrepreneurs. Nowadays, the Italian School re-visited the Marshallian districts, and, more recently, Michael Porter, writing a modern *Inquiry on the Nature and Causes of the Wealth of Nations*, re-discovered the clusters at a world wide level.

What is meant here by the so-called French Exception implies that, besides “objective” factors, such as land, climate, habits and abilities, history and tradition, and so on, public institutions and legal regulations intervene to protect well-defined produce and producers (for instance the *vrai camembert de Normandie*, produced in the *Pays d’Auge*).

For the defenders of free trade, this legal protection appears, not only heterodox, but even paradoxical: if resources are assumed to be idiosyncratic, it would mean that they are, per se, not imitable, not tradable, and valuable. So, consequently, that they would not need any artificial protection. Moreover, such a protection deters entrepreneurship, i.e. new ventures, innovation, risk assumption, new capabilities, and so on.

Unlike this true tradition of corporatism, entailing overprotection of craft and traditional activities, added to multi-secular state interventions, there fortunately exist in France individual and collective entrepreneurship experiences within territories. More precisely, French society not only is faced with world wide competition, but has to adopt the supranational rules edited by Brussels and the World Trade Organization promoting free trade.

The recent debates in strategic management have given us tools for a more accurate explanation of the dynamic relationships between actors, space and history. Namely, we refer jointly to such methodologies as *telling stories*, *constuctivism*, contextualism, co-evolution, and to the debates between *resource-based-view* and *core-competence-approach* (including intermediate concepts, such as knowledge, capabilities, routines, and so on). Thus it appears to be a good opportunity to apply those emerging (and disputable) theories to both SMEs and entrepreneurial strategies.

First, I shall describe more thoroughly the specific features of the *terroir produce*, in the French context . Then, I shall interpret the *terroir* as a strategic process, requiring, to be successful, the dynamic connection of three components: historical roots, spatial idiosyncrasy, and collective entrepreneurship. I shall take real examples, showing that the *terroir* lies at the heart of the dilemma between *global* and *local* competition, as we shall see with the enlightening *Mondavi case*.

1 The terroir produce, a peculiar local productive system

French scholars on regional development have suggested the following definition of the *entreprise de terroir*: “a firm getting its specificity from extremely intensive links within a given territory, identified by physical (geographical and ‘agro-climatic’), historical and social, i.e. cultural, characteristics” (Rastoin and Vissac-Charles 1999).

The INAO (National Institute for Control of Origin: *Appellation d’Origine Contrôlé – A.O.C.*) gives a more restrictive definition, focusing on physical specificities (land,

climate), and, so on, on the agro-food activities. Nevertheless, AOC includes some craft manufacturing activities.

Scholars in geography adopt a more extensive definition of *terroir*, by reference to the famous (and ambiguous) concept of *embeddedness*, due to Granovetter. The *terroir* firm (*entreprise de terroir*) is viewed as embedded in a network of social relationships, offering an outstanding identity of the triad market-product-territory (cf. wine from the Champagne region, camembert from Normandy). It implies the existence of idiosyncrasic data (natural resources, distinctive competencies), due to environment or actors.

Then scholars in ethnology introduce a cultural dimension, linked to history, habits and customs, so contributing to a better explanation of the actual building of such a territorial identity.

The *terroir* must be distinguished from other specialized productive areas. For instance, the European Community intends to promote *Local Productive Systems* (*Systèmes Productifs Locaux – SPL*), namely, areas, around medium-sized towns, welcoming SMEs specialized in similar activities – a similar concept to that of Porter's cluster one. In my opinion, the results appear almost deceptive: the French *labelled* SPL, for the most part, lack idiosyncrasic resources, high specialization and distinctive competencies.

The County of Vimeux (Pays de Vimeux) offers a more accurate example of *specialized local system*.

The area, near the Channel and a Natural Park, includes small villages, far from highways. During the Sixties, all the local medium-sized family firms competing in the ironwork industry failed. The unemployed workers, benefiting from a high *class consciousness* (they all vote for the communist party) decided to create new activities, based on their knowledge of foundry and ironworking. They built a network of very small family business firms, each one specialized in manufacturing taps.

Nowadays, the County of Vimeux has got leadership in France (90% of the national output) and exports taps of all sorts world wide. This case is enlightening, because there was, a priori, no *rational logic* to develop here a local productive system: lack of natural resources, of *capitalist mentality*, of financial supports, of externalities, etc. Nevertheless, they possessed a core-competence (a craft skill – *tour de main* – in foundry and ironwork), and, above all, high socialization.

In other words, the process of individual entrepreneurship was induced by a collective spirit of enterprise: everybody, specialized in the manufacturing of one piece of tap, appeared dependent on the other ones, and willing to transmit his tacit knowledge to parents and employees.

2 The *terroir* produce: a specific strategic group

The interest for *produits de terroir* is increasing in the agro-food industry and retailing, for some prominent reasons. Indeed, this industry may be classified into three major strategic groups:

- Convenience goods, highly standardized, with economies of scale, focused on lower costs and prices, implying a *strategy of volume*.
- Branded goods, highly differentiated, focused on increasing marketing costs (advertising, supply chain, retailing, etc.), implying a *strategy of differentiation*.
- Targeted products, highly standardized, focused on targeted customers, requiring high costs of innovation and services, implying a *strategy*, either of *fragmentation*, or of *specialization*.

Those activities remain in the realm of agro-food big concerns (including integrated SMEs). For the most part, their average profitability has steadily declining in advanced countries.

Consequently, big corporations are searching for new businesses, nearer the expectations of *modernist consumers*, and implying a *strategy of distinction*. They try to invade three new highly profitable and innovative *competitive arenas*: the need to protect the environment (green market, *produits bio* in French), the need for care and health (care-food products – *alicaments* in French), and, ultimately, the need for *authenticity*, i.e. for tradition, enjoyment, nature, craft, (*produits de terroir*, used here as a generic word).

But craft reminds us of *crafty*...: the use of the word *terroir*, above all by big industrial and retailing firms, reveals ambiguous. Then, consumers have no guarantee that the product was actually made by individual firms, using idiosyncrasic resources and craft competencies within a given territory. The trouble is compounded by the fact that more than half of the SMEs in the French agro-food industry are owned by the biggest corporations (Danone, Nestlé, Besnier, etc.), and that most of them are highly dependent on the big retailers (Carrefour, Casino, etc.).

In such a context, the official label AOC appears as a way to protect both the individual SBF and the consumer. To get it, the producers have to accept strict conditions, implying a two-stage process. The first one is collective, meaning that the label is given for one territory, resulting from a complex bargaining process between the *experts* and the *actors*. The second one is individual: each applicant has to adapt his business to the *AOC rules*.

In other words, we are faced with a strategic process. As mentioned above, strategic research has integrated, besides modelization, *the art of muddling through*, introducing, besides the *strategic content* (what is strategy?), the *strategic process* (how is strategy built?). The *process paradigm* may be divided in three approaches:

- *Cognitive approach* intends to explore the strategic decision making process. It may be divided into individual *rationality* and collective rationality. It implies different methodologies, according to the *schools*, such as cognitive maps, *telling stories*, action or participative research, in-depth interviews, and so on. SMEs and entrepreneurs appear to be very accurate research fields for such studies.
- *Network approach* is centred on various levels: individual network, built around either one actor, or interindividual relationships, and the network itself, designed as a *system*. Networking may be restricted to the competitive arena, or may be extended to societal institutions and actors intervening in strategic choices.
- *Entrepreneurial approach* investigates such processes as new venturing, innovating, risk-taking, new organizing ways, training and enhancing entrepreneurship, and so

on. Entrepreneurship is first observed at an individual level (what an entrepreneur *is* and *does*), but also at a collective one (to what extent is a given society, or community entrepreneurial?). Here again, SMEs and individual entrepreneurs are shown to be an outstanding field of research.

Then, using real cases, we shall apply, one by one, those process approaches to the enterprises of *terroir*. We assume that successful strategies *de terroir* are the result of a combination of cognitive, networking and entrepreneurial processes, linking time (local history), *milieu* (local environment) and *habitus* (local tradition). The failure is a result of a lack of one of those components.

3 The produit de terroir, as a success history

Unlike the dominant positivist view of strategic content, the emergent cognitive school has centred attention, not on the *objective facts*, but on their *subjective perception* (representation) by decision makers, and, more generally, by local stakeholders. Following Hayek, it is assumed that “what is important, is not what ‘are’ the facts, but what people ‘think’ they are”.

For instance, the *success story* appears as a tale (often, a fairy tale...)aiming to reveal the unusual, original, idiosyncrasic process, starting from the origins of the product, in ancient (historical) times, to the present situation. The discourse is built to enhance the *distinctive character* of the produce, according to the Italian saying: *Se non è vero, è ben trovato* (if untrue, it’s well found). This distinctive character is based on three historical arguments:

- Existence of idiosyncrasic natural resources, entailing entry barriers and ricardian rent.
 - For instance, near Montpellier, since the Middle-Ages, a *pottery center* in a small village, Saint Jean de Fos, benefited from the high quality of clay. The cheese of Roquefort is said to be produced only in local caves of Roquefort, assuming that they benefit from a local “micro-climate” to produce *fleurine* (fungus). Around the small village of Camembert, the grass would have special features, and so on. We shall further observe the same argument for the peppers from Espelette.
 - Most often, the birth of the produce is told with picturesque details, such as the story of a shepherd forgetting a cheese in the cave of Roquefort (mentioned by Tite-Live, a Roman historian). More picturesque is the story of the *Camembert*: during the French Revolution, a royalist priest is said to have got the “secret” from a “grateful” (?) woman farmer, Marie Harel. The “secret” of Champagne would have been discovered by a monk, etc.
- Existence of distinctive competencies, resulting from long-term training, and transmission of tacit knowledge (the so-called *secrets de fabrication*, or *tours de main*).
 - For instance, potters in Saint Jean de Fos acquired a craft skill and a regional reputation in the work of specific products, such as varnished tiles, until the end of the nineteenth century. Nowadays, the handmade work needed to nature champagne wine appears as a way to increase the “distinctive competence” of French producers.

- Existence of a distinctive competitive positioning, implying it fits well with assumed competitive advantage. In other words, the *produit de terroir* is located in a niche (more than an interstice, according Penrose, or a market segment), responding to tacit or explicit needs of some consumers .
- For instance, it will be different to buy, in place of a standardized fromage de Brie (so-called declared “king of cheeses” by the King of France François the First), a *Brie fermier* (produced in a farm), rare and expensive, sold in luxury or specialized grocer’s shops (such as Fauchon, Hédiard).

The mix between these three components of competitiveness may be sized by way of *discours*, made up of tales, stories, articles, specialized reviews, books, movies, etc., to celebrate the *terroir* produce. As in corporate culture, myths, heroes, sagas, etc., are present (remember the “secret” of camembert).

But the local products may be highly vulnerable, and even disappear. The prominent risks are the following ones:

- Technological obsolescence: the handmade tiles were replaced, at the beginning of the twentieth century, by mechanic tiles, less expensive, manufactured in Northern France.
- Changes in consumers’ tastes or habits: for instance, French consumers drink less cognac, or they prefer increasingly standardized and cheaper cheeses.
- Uncertainty concerning quantity (linked to harvest) and/or quality. For instance some cheeses of *Terroir* (such as Reblochon) were declared riskier, due to fungus diseases (*listeriose*). Moreover, the expertise needed to be a *connaisseur* (for instance in oenology), increases the transaction cost, entailing limits to market expansion.
- Climate of *hypercompetition* induces an improvement in quality/price ratio for highly standardized food products (for the most part, produced by integrated SMEs). Moreover, as mentioned above, many brands and logos evoke the *terroir*, inducing confusion in consumers’ eyes.
- But the main danger lies at the heart of the *terroir* itself. According to the “I care paradox” described by Dan Miller, producers may be reluctant to adapt their strategy to changing events, viewing themselves as *worker elites*.

The best (worst) example is given by the case of *glove district*, in Millau, near Montpellier. Until the Sixties, gloves from Millau were among the most famous in the world, according to the French *haute couture* prestige. But both entrepreneurs and highly skilled workers were unable to react to the decline in demand. Today, only a few smaller firms remain, specialized in costly products, such as gloves for golfers. In other words, the *district of glove* has disappeared, at the time where Spanish and Italian firms developed successfully the manufacture of leather clothes.

The last example illustrates the ambiguous impact of embeddedness. The entrepreneurs in Millau may be classified as *notables*, influent, notorious people, well integrated in their social network. They benefited from a situation rent, due to idiosyncrasic resources (leather from local sheep, skilled workers), but spent profits outside their factories (the great Jean-Baptiste Say himself complained about the French propensity of entrepreneurs to build “too magnificent *batiments* (buildings)” – which we called “the French disease of stone and land”).

4 The produit de terroir as an embedded networking

As we said during the last *Rencontres* in Lugano, entrepreneurs behave differently, according to their expectations relative to their trade-off between *territorial* and *competitive* legitimacy (according to Max Weber's meaning). Those we named *nomad* and *isolated* are poorly embedded in their local environment; on the contrary, *notable* (locally well-known people) and *enterprising* entrepreneurs are clearly well-embedded. Moreover, the so-called *enterprising* actively searches for a highly competitive position on free-entry markets, using as a competitive lever local resources, in order to get distinctive competencies and schumpeterian innovative rents.

Embeddedness refers to stickiness and positive relationships with various *clusters*. *Notables* focus their local strategy on social and institutional responsibilities (for instance representative, president of a sport association, member of Rotary or Lions, of Chamber of Commerce, etc.), besides more professional relationships (remember the famous passage in *The Wealth of Nations*, where Adam Smith notes that, most often, meetings between entrepreneurs, even for entertainment, result in "a conspiracy against the Public").

Enterprising entrepreneurs are more willing to benefit from local potential resources: natural resources, knowledge of economic and institutional actors.

On a report for OECD relative to the French technology transfer system, we suggested the following typology:

- *Tutelar* actors, in charge of public regulations, potentially or willingly offering various resources, as: financial supports, technology transfer, market studies, public education and learning, etc.
- *Partnership* actors, working with the firm, such as: materials, equipment and operational services suppliers, subcontractors, retailers, big clients or customers, etc.
- *Expert* actors: advisers, counsellors, research laboratories, etc.

Empirical studies on innovative (enterprising) entrepreneurs confirm higher density of both their environmental scanning and local networking, in spite of the fact that their market extends out of region, until even at a world wide level, concerning *nanomarkets* (very small markets). Unlike to other ideal types of entrepreneur. They *build* their own environment with economic actors, recouring to outsourcing practices:

- First, to avoid growth (and, consequently, loss of autonomy)
- Second, to benefit from skilled supplier abilities
- Third, to avoid wasting resources and energy in unprofitable operational activities.

But a such innovative and embedded strategy implies that there exist, on the territory, a set of entrepreneurial actors, and, ultimately, collective entrepreneurship. This is the result of a *mix* between *social* and *economic* networks, implying a *common knowledge* and *collective routines and visions*.

The following case of the *Pepper from Espelette* gives an accurate illustration of such a successful process, contributing to build jointly collective and individual entrepreneurship.

Espelette is a small village located in the French Basque County (*Pays Basque*) near the Spanish border, and Spanish Basque county. The valley is separated from the At-

lantic Ocean by hills, leading both to a warm and humid climate, year round. It comprises around ten villages.

Since the early times of the discovery of the Americas, the Basque people migrated to Mexico. When they returned home, they brought back the culture of maize (corn in U.S.) and peppers. Until the Sixties, peppers were the prerogative of wives in the valley: they sold their produce to earn a *discretionary* revenue. During the harvest, the whole village was involved, there were traditional festivities. Red peppers dried along the white walls of Basque houses, enhancing the traditional (and touristic) image of the produce.

After the Sixties, dominant activities (maize culture, sheep rearing, tuna fishing, craft industries) declined sharply, at a time when the tourism industry on Basque Coast was expanding .

Enhanced by the rise of Basque regionalism, around language, habits, old traditions, some social and economic actors intended to promote the *famous* Piment of Espelette, and to strictly limit the brand to those locally produced inside the valley.

The project was primarily supported by *non economic* and public actors. The mayor of Espelette, representatives, executives of the Chamber of Agriculture, etc., sold the project to the inhabitants. They developed a communication strategy around the *Pepper*, including festivities during summer holidays, an *Order of Pepper of Espelette* welcoming local and national personalities of sport, politics, entertainment. Besides this *public entrepreneurship* (may be, illustrative of *French Exception*), public researchers on agronomy improved the distinctive features of the local pepper, resting on the idiosyncratic climate, warm and rainy, declared unique in France.

The process was more complex than expected. According to a French tradition, named *parochial spirit* (*esprit de clocher*) rivalry between the ten villages prevented cooperation around a common project. Fortunately, the entrepreneurial spirit of public stakeholders (and, may be, linked with a common rivalry against the neighbourhood...) facilitated an emerging conscientiousness that *gardening for women* appeared as a profitable opportunity in a renewed economic context. Moreover, the Basques benefited from an old tradition of cooperative organizations and of self management in each village, linked to anarchism (remember Spanish Civil War).

By means of councils and meetings, a building process of *terroirisation* was conducted until obtention of the AOC (official registering of controlled origin). But, at the same time, a building process of individual entrepreneurship emerged. Each producer realized his self interest to adhere to the rules needed to get, for his own production, the label AOC.

In other words, he became an entrepreneur. Each one decided, inside those compelling rules (no greenhouse production, no fertilizer, no machine, limited areas, etc.) to market his own production, under his own brand. Each one chose his own retailing channel and delivery system: some preferred direct sales, on site or by mailing; others preferred to sell by the means of big retailing, or of specialised stores.

But the collective entrepreneurial strategy remains inescapable, implying collective actions aimed to promote the *piment d'Espelette*. For instance, tour operators propose a

circuit du Piment d'Espelette, including a visit to the *Museum of Pepper*, folklore attractions, and so on.

Individual entrepreneurship now appears embedded in the collective one. But this *intertwining* was achieved according to the following features:

- The decrease of traditional activities, compelling actors to find new opportunities. The entrepreneurial process appears a more reactive than a proactive one.
- A predominant feeling of territorial identity, increased both by geographical peculiarities (climate) and historical ones (high sense of community).
- A “tacit entrepreneurial spirit”, including a traditional “risk-taker mentality”, due to the Basque propensity to migrate to all parts in the World, but nevertheless maintaining deep roots with their native county.
- A dynamic public network, including skilled State executives and searchers, working with local representatives, willing to seize new economic opportunities, supported at national (Paris) and European (Brussels) levels.

On the other hand, we shall describe an *unsuccessful case*, illustrating the underlying conflict between local and global levels, but also between individual and foreign entrepreneurship, on the one hand, and collective and local *non entrepreneurship*, on the other hand.

5 The unsuccessful link between individual and collective goals: the Mondavi Case

Languedoc-Roussillon, a southern region in France, located between Spanish border (Catalonia) and French Riviera, is comprised of *départements* (France is made of around one hundred *départements*). Two of them, Hérault and Aude, may be considered as the widest wine yard in the world . It dates from Roman Empire, when veterans settled in *Gaule Narbonnaise* and produced wine and corn for Roma.

Wine production was replaced by corn and sheep (including wool manufacturing), until the second half of the nineteenth century. Benefiting both from well-suited climate and land, and from industrial urbanization (opening a new market), peasants and local urban bourgeoisie undertook the production of low quality/price wines, resulting in a high regional prosperity, grounded on ricardian rents.

Nevertheless, decline started at the early years of the twentieth century, due to crises in production (phylloxera), in overproduction (due to overexpansion of areas during the First World War), and to the increasing competition of French (claret, burgundy) and foreign wines, at the time where consumers changed their tastes (requiring more quality, and drinking less quantity).

Small wine producers in Languedoc reacted, all along the last century, by defensive ways: violence (riots, attempts), cooperation (*coopératives* manage the harvest of *coopérateurs*), political lobbying (local representatives asking for regulatory decisions, to distil *structural excedents*).

But, since the early Eighties, new trends contributed to a rise of competitiveness:

- First, new enterprising owners-producers, not necessarily originating from territory, improved quality, applied a distinctive strategy (specially on oenology and marketing), and sold at a higher and profitable price their own production.

- Second, State authorities (French and European) induced coopératives and craft producers to apply new technologies (machines to harvest grapes, new seedlings, new methods for wine preservation, quality management, and so on) and managerial tools (control management, marketing, etc.).
- Third, Mondavi, a big family business located in the Wine District of Nappa Valley (California) seized opportunity to enter the European market by means of agreements with coopératives of Corbières County (Hérault), to resell their wine production under the brand. “Mediterranean wine” (sic), adding, on the label, “produce of France”. As a result, Mondavi induced small producers, as members of cooperatives, to improve quality for an unchanged (and low) market price, in accordance with world wide “hypercompetition”. Mondavi intended to further invest on wineries, i.e. stores selling various goods and services around wine and local craft activities.

Those emerging strategies (respectively entrepreneurial, public and managerial) have contributed to deeply modify the regional structure of the wine industry at all levels (production, manufacturing and trade).

In other words, on the same territory, various *strategic groups* coexist. Inspired by the Miles and Snow’s typology, we have identified:

- Defenders: traditional coopératives sell at a low quality/price *en vrac* (not bottled), or as *European Community Wine*, to big retailers; they require from European and National Offices *special decisions of distillation* for unsold stock. It includes, who are also cooperators, small traditional (craft) wine producers.
- Reactors: modernist coopératives adapt their production to the new consumers’ tastes, and select more precisely both members and clients. Most of it is sold as a *county wine (vin de pays)*, or a *vinestock wine (vin de cépage: Cabernet, Sauvignon, Merlot)*, in order to compete at a world wide level.
- Adaptors: owner-managers aim to enter in new markets (with the help national and foreign traders, big and specialized retailers, export), to sell a *medium wine*, at a medium price, benefiting from an AOC label .
- Prospectors: *new entrepreneurs* take advantage of idiosyncratic resources (land, climate, knowledge in oenology and management, etc.) and/or distinctive competences. They market vintage wines with their own brand. Their distinctive competence is enhanced by expert advice (specialized journalists, prizes won in agricultural shows, etc.). They use mainly direct marketing.

As a result, such a restructuration involves open or tacit conflictual situations. Conflicts become explicit, when, more or less surprisingly, an event happens, mainly new ventures. The arrival of Mondavi in Aniane, a typical Languedocian village, is a precise example of such an event. In such a case, conflictual attitudes towards individual and collective entrepreneurship revealed the crucial dividing features.

The Abbey of Aniane was founded at the end of the eighth century, by the son of a captain of the Emperor Charlemagne (Carolus Magnus), Saint Benoit (Benedict) d’Aniane, who reformed Benedictin rules, more precisely, the *management* of Benedictin abbeys, introducing the division of labor and new productions, such as wine yards (and the first roses in Western Europe, brought back by crusaders). Aniane is located at about thirty kilometres from Montpellier, in a *garrigue* landscape, made of

stony ground and holm oaks – a paradise for walkers, hunters, and wine culture, named *Massif de l'Arboussas* (Hills of Arbutus).

So, craft wine growers appear well-embedded in their territory, according to both historical and geographical points of view.

Since the end of the ninetieth century, that tradition was enhanced by collective institutions, such as cooperatives (theorized by one famous regional economist, Charles Gide, who was declared as *the father of cooperativism* and labour-managed firms), professional associations, and politically left-wing representatives (the mayor is traditionally either socialist, or communist).

Those ones proved increasingly aggressive and defensive, as and when the crisis became more acute, due to overproduction. In this typical village, wine production is seen as a *lifestyle*, implying, besides intensive periods of harvest and craft works (such as trimming), leisure periods propitious to hunting (inducing conflicts with walkers coming from Montpellier) in a wild, preserved landscape.

Nevertheless, the *strangers* who set up during the Eighties, namely, Aimé Guibert, originated from the *glove district* of Millau, wanting to invest funds outside the leather industry. As an *enterprising* entrepreneur, free from local tradition, he decided to produce and sell for his own account a vintage wine. He took advantage of some peculiarities of soil, together with *microclimate* – which constitutes a *terroir*, according to agronomic definition. His wine, labelled as *Daumas Gassac* was appraised by Parker, an influential American expert, as *exceptional*, on the same level as the most prestigious clarets (Chateau-Laffite, Mouton-Rothschild, etc.). The production area is thus supposed to be strictly limited by the peculiarities of soil and climate, in a small valley, so enhancing the impact of *distinctive* and idiosyncrasic features.

On the same *terroir*, the Vaillé family (father and son), managing a small wine yard (12 hectares), and benefiting from those peculiar features, produced a prestigious wine, named *La Grange-des-pères*, served in the most prestigious Three Stars restaurants (around twenty restaurants in France).

From a social and economic point of view, these two producers may be considered as *weakly-embedded* on their territory. They have woven no stable links with their neighbourhood. Thus, we note, in this present case, That individual entrepreneurship enters in conflict with a collective reluctance to undertake the drastic reforms required to adapt wine production to a changing environment. Consequently, their prestigious wine is officially registered as a *county wine*, because the local production is not labelled AOC!

But latent conflict erupted with the proposal by Mondavi to *break stony grounds* and woods in order to bring them into cultivation. According to its world wide strategic intent, Mondavi designed the development, within its business portfolio, of outstanding wines (premiums and ultra-premiums) in order to upgrade its image. Consequently, Mondavi wished to benefit from the idiosyncrasic features of the *terroir*, to imitate both Daumas Gassac and La Grange-des-pères. But agreement of the Mayor was required: so, it was offered that Mondavi would purchase and sell the whole production of cooperative, guaranteeing a stable revenue for small wine growers.

- At a first stage, the socialist mayor, André Ruiz, declared “he was bought”, and convinced the managers of the cooperative. The Vaillé Family said they were “enthusiastic”, hoping to get both an official recognition, and an enhanced world wide image. On the opposite side, Aimé Guibert was reluctant, and thus an opponent, fearing that intrusion by a big American concern would weaken his own image, based on scarcity of local resources, and, consequently, his ricardian rent. Political representatives and professional unions appeared almost divided and hesitating.
- At a second stage, opponents emerged:
 - First, cooperators, encouraged by Manuel Diaz, a local member of Communist Party, declared he was hostile to the project. They put forward their fear to become sub-contractors, to be dependant on a powerful multinational corporation, thus “to look like ‘Latinos’, employed in the Nappa Valley” – in other words, to be proletarianized.
 - Second, other stakeholders appeared, namely, ecologists. Marcel Pouget, president of the “Association de Défense du Massif de l’Arboussas”, feared future and unavoidable extensions of the wine yard “to get critical mass and profitability.” On the opposite side, hunting associations protested, wanting to preserve game reserves. Jean-Pierre Van Ruyskensvelde, the president of the *union of Aniane wine producers (co-operative)*, at the same time a general manager of Agriculture at the Regional Council (*Conseil Régional* at the level of Région Languedoc-Roussillon), asserted: “If Mondavi buy the best grapes of the county, the cave is condemned to close. We live here on a family-based system, incompatible with the New World visions. We will to stay numerous on our lands, such as free and responsible a peasants, independent from imported models.”
 - At a third stage, a bargaining process started, between Mondavi, cooperators, the Town Council, the associations (non-profit organizations), and so on. The *General Council (Conseil Général* at the level of Hérault Département, mainly socialist) supported the Mondavi project, whereas the Regional Council (mainly conservative), declared to be an opponent... and so *an objective ally* of Communist Party!

Thus, Mondavi not only renounced to the Aniane project, but retired from the French market, reselling its trading company to a French cooperative. The communist opponent was elected as the new Mayor of Aniane.

6 Concluding remarks

This case is enlightening to better understand, not only what is called French Exception (including *exceptions* to the traditional model) but also the complexity of relations between individual and collective entrepreneurship.

- The French model is made of strong interactions between various levels: economic, social and political goals and actors; private and public sectors (see for instance the duality of role for Van Ruyskensvelde). So, final decision results from a *garbage can decision model*, according to March and Olsen.

- The French model appears more as risk-avoiding than the entrepreneurial one. Nevertheless, we have to be less caricatural than the French people as shown in Hollywood movies.

The two cases exemplify the existence of collective entrepreneurial incentives (as in the Pepper case) and individual entrepreneurship (as in the Mondavi case).

In the last one, individual *enterprising entrepreneurs* (Guibert and Vaillé) had no interest, and were unable, to develop, in the *terroir*, a collective entrepreneurship.

Regarding cooperators, most of them are close to retirement, thus they saw no interest to be engaged in being engaged in a risky business, and preferred to wait for subsidies from Brussels and Paris.

Moreover, the sense of community among the small wine growers appears as strictly limited to *defender* strategies, each one willing to preserve his *pré carré* (“to keep his turf”), to maintain opportunism, according to a French tradition of individualism.

Nevertheless, world wide trends deeply affect this French Exception, on the following ways:

- Free trade enhances competitive pressures. Wine industry is expanding in Southern America, in Australia, in Eastern Europe. French Agro-Food corporations, such as Pernod-Ricard, invest in Australia, in Argentina. French wine producers and traders react by higher quality for medium wines.
- The economic power of the French State is weakening. The major part of the public industrial sector has been privatized (mainly by the social-democrat Government). The financial support by public authorities of non competitive sectors is increasingly challenged. European authorities are willing to promote free competition, to rule out unfair practices, such as unfair protections.
- Rural areas are deeply evolving. *New entrepreneurs* increasingly install new activities in quiet, no crowded places. At a higher level, entrepreneurship, made of very small business firms, is expanding in France, contributing to widen the rift between the *Civil Society* and the *Political* one.

In other words, the renewal of the so-called *French Exception* implies that the State system, exceedingly bureaucratic, encourages, not only the individual, but also the collective entrepreneurship, including its own sphere. Unfortunately, just like in the famous song: it’s a long way to a full entrepreneurship recognition in this country!

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