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# Promoting Social Innovation Through Neo-Endogenous Development: The Case of the Austrian Region of Muehlviertel

## Promoção da Inovação Social por Meio do Desenvolvimento Neo-endógeno: O Caso da Região Austríaca de Muehlviertel

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### Abstract

Aiming at addressing local challenges and increasing participation in decision-making, social innovation shares some common traits with the idea of neo-endogenous development that builds upon local resources and knowledge while connecting them to wider contexts. By investigating the case of the Austrian region of Muehlviertel, the paper seeks to analyse how social innovation can be promoted in a region exercising neo-endogenous rural development. Drawing from the empirical data, the paper concludes that the processes of SI are rooted in a neo-endogenous approach to the region's development, creating region-wide multi-stakeholder networks, in which bottom-up activities are supported and nourished. However, the paper also points out some pitfalls that the regional actors face when implementing SI, ranging from bureaucratic burdens to resistance towards innovation.

*Keywords:* social innovation, neo-endogenous development, rural regions, Local Action Groups, Austria

*JEL Code:* O18; O35; R58

### Resumo

Dado o seu foco em aumentar a participação, fomentar processos de decisão, e ir ao encontro de desafios locais, a inovação social (IS) partilha algumas características com a ideia de desenvolvimento neo-endógeno, cuja matriz assenta na utilização de recursos e conhecimentos locais e a sua ligação com contextos mais gerais. Através da investigação do caso da região Austríaca de Muehlviertel, este artigo procura analisar as formas como a inovação social pode ser promovida em regiões que praticam formas de desenvolvimento rural neo-endógenas. Partindo dos dados empíricos recolhidos na região, o artigo conclui que os processos de IS estão alicerçados numa abordagem neo-endógena ao desenvolvimento da região, criando redes que abarcam todo o território com múltiplos stakeholders, e na qual actividades *bottom-up* são suportadas e estimuladas. No entanto, o artigo também aponta alguns perigos presentes na acção dos actores regionais na tentativa de promover IS, quer ao nível de limitações burocráticas quer na resistência à inovação.

*Palavras-chave:* inovação social, desenvolvimento neo-endógeno, regiões rurais, grupos de acção local, Austria

*Código JEL :* O18; O35; R58

## 1. INTRODUCTION

Traditionally, in the context of regional development studies, local and regional development has been discussed through the lens of its economic dimensions, in terms of growth, employment, and incomes (Armstrong and Taylor, 2000 ; Pike et al., 2016), thus, understood as “a set of activities aimed at improving the economic wellbeing of an area” (Beer et al., 2003, p. 5). Within this scholarly tradition, innovation is often regarded as a key driver of regional development (e.g. Tomaney et al., 2011), linked to agglomeration economies, high-tech activities and market-oriented initiatives (Eder, 2019; Madureira and Torr , 2019). However, this dominant economic focus in local and regional development concepts and definitions has broadened since the early 2000s (Pike et al., 2016), acknowledging that the ‘strictly economic’ approach to regional development tends to leave out other types of territories and other types of innovation from the discourse (Vercher et al., 2021). To this end, some scholars suggest that there is the need for “sustained reorientation in economic understanding and policy strategies, placing ‘social innovation’, sustainable resource use and well-being ‘higher’ than economic growth” (Dax and Fischer, 2018: 299). As a part of this re-orientation, the relevance of innovation for rural development (Esparcia, 2014; Labianca, 2016; Madureira and Torre, 2019;  ivojinovi  et al., 2020) has been acknowledged within academia. At the same time, new social practices responding to unmet social needs are being identified across rural areas (Butkevi iene, 2009; Bosworth et al., 2016; Copus et al., 2017), giving momentum to the emerging phenomenon of social innovation (SI) (Marini Govigli et al., 2020).

More recent approaches to regional development advocate for a combination of local resources and local action integrated within wider networks, such as can be seen in the neo-endogenous development (NED) approach. At the same time, approaches to SI strongly build on the same core principles, rooted in local participation and empowerment with rural SI being distinct due to its cross-sectoral collaborations (Bock, 2016). However, with both NED and SI rooted in the same set of core principles, detailed research on how locally emergent SI can be triggered by and promoted within the DED is still rather underrepresented. In order to address this gap, the current article aims to investigate how SI is triggered by and promoted through NED, both advocating for bottom-up action rooted in local participation and engagement. The paper also aims at contributing to the knowledge on how the neo-endogenous approach to rural development can trigger SI in rural settings. By analysing the case of the Muehlviertel region in Austria, the paper seeks to understand the ways in which regional cooperation was made possible, the factors that both contributed to its success and the challenges that regional development actors were faced with.

This article is structured as follows. The article begins by discussing the concepts of SI and NED. It continues with the presentation of the Muehlviertel region case study. The article proceeds to discuss the findings and elaborates on the processes in which the case of NED triggered and contributed to the promotion of SI, followed by the discussion of results, providing some conclusions and suggestions for further research.

## 2. UNDERSTANDING THE ROLE OF SOCIAL INNOVATION AND NEO-ENDOGENOUS APPROACH IN RURAL DEVELOPMENT

### 2.1 Neo-endogenous development for European rural regions

Over recent decades, approaches to rural development have moved away from the dualistic top-down discussion, calling for a re-orientation towards acknowledging context-specific challenges faced by rural regions and addressing them in a more territorial manner, placing an emphasis on local assets. As a result, there has been an additional shift, emphasising locally led approaches characterised by mixed endogenous–exogenous dynamics (Shucksmith, 2010; Biczkowski, 2020). Building on earlier work on endogenous development (van der Ploeg and van Dyck, 1995), where the local control remained at the heart of such development, there was a need for the approaches that also emphasised the need to embrace ‘extra-local’ factors (Ray, 2001). As such, NED was introduced to offer an alternative approach to dualistic ‘top-down’ or ‘bottom-up’ perspectives on rural development.

NED has been advocated for as “a mechanism to facilitate bottom-up development, with the development potential being rooted in local resources and local actors being supported by extensive networks facilitated by state institutions” (Bosworth et al., 2020: 1). Bock (2016) has argued that the neo-

endogenous approach acknowledges the importance of external links and connections between communities in order to contribute to local development, but that this approach, in contrast to the exogenous model, does not consider development as imported from outside. Without disregarding the bottom-up character of the development as supported by the endogenous approach, the neo-endogenous approach places a greater emphasis on the interconnectivity between local and extra-local: actors and stakeholders in the political and administrative ecosystem (from regional up to European level) are seen as part of the extra-local environment that can potentially be recruited by and partnered with localities in support of their regeneration strategies (Ray, 2006).

As to neo-endogenous development, Ray highlights the need for development “in which extra-local factors are recognised and regarded as essential but which retains a belief in the potential of local areas to shape their future” (Ray, 2000: 4). Building on this, Neumeier (2012) points out the importance of NED in advocating for the connectivity between the resources available within the region (endogenous) coupled together with the extra local knowledge and resources required at the regional level (exogenous). For rural areas, such development represents a shift from sectoral to territorial rural development strategies resulting from the socioeconomic structural change in rural areas (Neumeier, 2012: 49). Such territorial development, based on the neo-endogenous strategies, should strive to maintain the delicate balance between innovation and stability, where “the development of sustainable structures and establishing a form of balance that, on the one hand, enables innovation, creativity, new ideas and visions in action; and, on the other hand, maintains the necessary stability” (Neumeier, 2012: 49). As such, in the development of rural regions it is necessary to mobilise endogenous potentials to “outweigh different interests and to strengthen regional identity as a central precondition for both regional development and the success of neo-endogenous regional development” (Neumeier, 2012: 59). The concepts for rural development have, therefore, turned towards making use of specific local assets and presenting regional diversity as a valuable feature rather than an obstacle that further attempts in regional development should seek to overcome (Dax and Fischer, 2018). Such an approach has been advanced as the developmental differences regions experience can no longer be fully explained by physical distance and the availability of financial resources. Instead, such differences have to be approached as a “result of the different organisational and technical abilities of regional actors to apply practical and technical know-how to the regional resources available” (Neumeier, 2012: 59).

As discussed above, NED provides an opportunity for both maintaining stability and fostering innovation. The current paper argues that, through supporting region-wide cooperation, knowledge exchange and transfer, and cooperation in terms of advocacy at the top-down/ bottom-up tension point, neo-endogenous development can trigger and foster SI.

## **2.2 Understanding the role of social innovation in the development of rural areas**

SI has evoked many varying understandings and approaches, including meeting unmet needs, providing new solutions, and creating more just and participatory practices (see Moulaert et al., 2013). SI has been proposed as a means of tackling central challenges in contemporary societies that are not well addressed either by market solutions or the public sector (European Commission, 2013). At the same time, SI has been widely discussed in the context of urban areas (Mieg and Töpfer, 2013), while the processes underlying SI in rural regions are still rather understudied. The importance of the conversation about SI for rural areas in the EU stems from the fact that more than half of its land area (as for 2012) is classified as predominantly rural (Eurostat, 2016) and over a quarter (28%) of the EU’s population live within the rural regions (Eurostat, 2018). As such, the challenges and needs of these populations and territories should be taken seriously, with SI in rural areas being “not only a task for individual and disadvantaged rural areas but a common concern” (Bock, 2016: 570).

However, the application of SI in rural areas is not new (Lombardi et al., 2020). More recently, the contribution of SI to the development of rural areas has been recognised to be effective in overcoming those problems marginalised areas are faced with and often affected by urgent societal challenges, such as isolation, lack of opportunities for young people, and ageing (e.g. Bock, 2016; Dax and Fischer, 2018). Within the myriad of different approaches to SI, most scholars agree that SI is a prominent agent and a motor of change in rural regions and communities (Bock, 2016; Bosworth et al., 2020), providing responses that tackle emerging societal or community problems, complementing or sometimes even substituting the services provided by the state and/or private sector (Marini Govigli et al., 2020), with

SI being a “desirable response to social economic and environmental challenges arising from market and policy failures” (Slee, 2019: 152). Indeed, austerity measures and state withdrawal left rural actors in the situation where they had to step in and take on the responsibility of ‘filling the void’ e.g. by providing rural services that have not been provided otherwise (Bock, 2016; Bosworth et al., 2020).

In rural areas, SI can be used to “include new actors within local development dynamics, empower local communities and advance their position in the wider global context” (Vercher et al., 2021: 5). Rural SI is distinct in its “dependence on civic self-reliance and self-organisation (e.g. due to austerity measures and state withdrawal), and its cross-sectoral and translocal collaborations” (Bock, 2016: 552). Mirroring that, some authors argue that SI “cannot be achieved without connections beyond the local area – either to new markets or to distinctive sources of knowledge and inspiration” (Bosworth et al., 2020: 31). As such, SI should be analysed in its full complexity and rootedness within social processes, taking into account complex constellations of social actors within and across space (Christmann, 2020).

Aiming at the sustainable development of rural regions, SI facilitates the creation of networks among different actors (Neumeier, 2012; Gobattoni et al., 2015), thus, encouraging local linkages and collective learning cultures (Navarro et al., 2018). At the same time, while focusing on enhancing more efficient collaboration between the actors, SI can help in adaptation of innovative solutions in the form of changed attitudes and practices (Richter, 2019) and in changing unsustainable behaviours and removing structural constraints (Gobattoni et al., 2015). Through mobilising local resources, SI aims at satisfying local public needs and at the same time creating economic value (Di Iacovo et al., 2017). But specifically for rural areas, SI represents community-driven innovations that create novel outcomes, e.g. new relationships among the members of a given community and beyond (Nordberg et al., 2020).

As such, both SI and NED are based on a set of similar core principles.

**Table 1. Key elements of SI and NED.**

	Social innovation	Neo-endogenous development
Key principles	<ul style="list-style-type: none"> <li>- Means for realising development and growth by building on citizens and enterprises</li> <li>- Rural communities self-reliant as self-reliant and self-organised development actors</li> </ul>	<ul style="list-style-type: none"> <li>- Socio-spatial justice and balancing local needs while competing for extra-local people, resources, skills and capital</li> </ul>
Dynamic forces	<ul style="list-style-type: none"> <li>- Local impetus in connection to the extra-local knowledge and expertise</li> </ul>	<ul style="list-style-type: none"> <li>- Networks of local actors connected to external influences</li> </ul>
Function of rural areas	<ul style="list-style-type: none"> <li>- Creating and implementing innovative solutions to address the needs and interests of local communities</li> </ul>	<ul style="list-style-type: none"> <li>- Sustaining rural livelihoods, while maintaining natural capital</li> </ul>
Major problems of rural regions	<ul style="list-style-type: none"> <li>- State withdrawal and austerity politics</li> <li>- Rural marginalisation</li> <li>- Demographic challenges (aging population, population decline)</li> <li>- Lack of critical mass</li> <li>- Resistance towards innovation</li> </ul>	<ul style="list-style-type: none"> <li>- Neoliberal deregulation versus policy apathy and lack of regulation</li> <li>- Unbalanced communities –ageing and inequality</li> <li>- Remoteness and isolation</li> <li>- Lack of critical mass</li> </ul>
Focus of rural development	<ul style="list-style-type: none"> <li>- Territorial development instead of sectoral one</li> <li>- Capacity building for local communities</li> <li>- Promoting shift towards asset-based development, utilising unique local knowledge and connecting it to wider environments</li> </ul>	<ul style="list-style-type: none"> <li>- Place-making and community wellbeing</li> <li>- Building resilient rural places</li> <li>- Coping with the new politics of austerity</li> <li>- Realising and valorising alternatives to development (especially non neoliberal) in times of crisis</li> </ul>

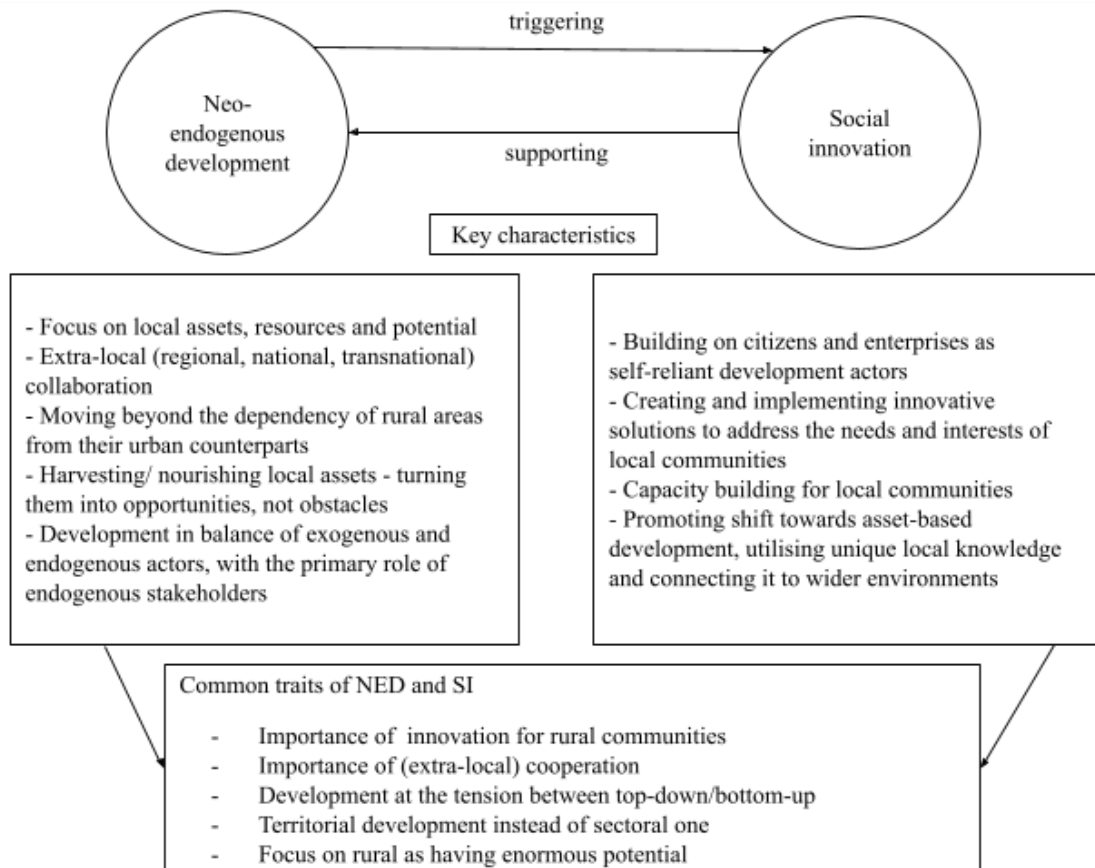
Source: author’s own elaboration based on Moulaert et al. (2005), Bock (2016), Bosworth et al., (2016), Gkartzios and Lowe (2019), Neumeier (2017).

Argued by Bosworth et al. (2020), NED represents a “holistic approach to rural development that includes local empowerment, capacity building, overcoming exclusion, adding value to local resources, enhancing connectivity and promoting innovation” (Bosworth et al., 2020: 30). At the same time, the existing approaches to SI are built around the ideas of local participation, capacity building and enhancing collaboration among actors through establishing networks (see Neumeier, 2012, 2017).

As can be concluded from the above discussion, SI shares some common trends with neo-endogenous approaches to rural development (see Figure 1). By focusing on local participation, enhancing democratic decision-making and reconfiguring existing social practices for the benefit of the societies at large (European Commission, 2013), SI contributes to rural development through building upon neo-endogenous strategies that focus on mobilising/ utilising local capabilities and resources and connecting those to wider environments (Neumeier, 2012).

Current paper argues that NED can, indeed, trigger the processes of SI in several ways. Firstly, for SI to flourish, rural development actors have to work towards creating and supporting the narratives of innovation for sustainable rural development. Second, SI projects heavily rely on cooperation and collaboration within and beyond multi-actor but also multilevel networks where stakeholders from various sectors (public, private, non-profit) as well as locations (towns, regions) come together around the shared agenda. Third, within NED being rooted in the local assets and interests, SI projects have a potential to create the space for the local actors to both build the projects upon the unique environmental and cultural heritage of the region as well as change their perspectives towards the region itself. Building upon the need of developing the territory rather than just disconnected sectors, the fourth way in which NED can trigger SI is by designing and implementing projects that target the development of a region as a whole rather than focusing on specific sectoral projects (e.g. agriculture).

**Figure 1. Analytical dimensions of the interrelations between neo-endogenous development and social innovation.**



Source author's own elaboration based on Ray (2006), Bock (2016), Dax and Fischer (2018), Bosworth et al., (2020).

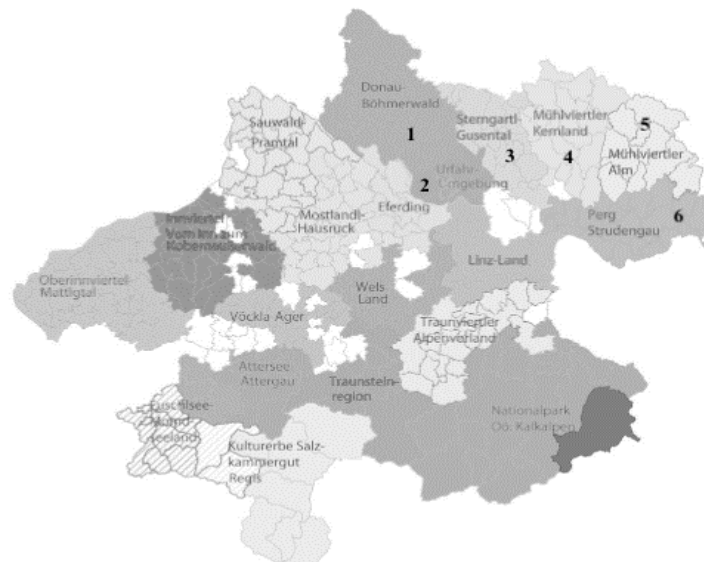
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### 3. CASE STUDY AND METHODOLOGY

Mühlviertel is a NUTS III region and one of four sub-regions of the Upper Austria region (NUTS II), bordering on Bavaria and Bohemia to the north, and Lower Austria to the south and east. Muehlviertel consists of 4 political districts (*politische Bezirke*) and 120 municipalities (*Gemeinde*). Being a predominantly rural region (Eurostat, 2019), Muehlviertel is talked about in terms of economic prosperity (Chatzichristos and Nagopoulos, 2020) as well as shows a positive demographic development, being among one of the regions that did not experience negative population developments over the last several decades (Dax and Fischer, 2018). As such, Muehlviertel's experience does not necessarily experience the circle of declining rural regions (OECD, 2006) where rural regions are trapped in the process of losing population, leading to the lower business creation rates, followed by high unemployment and further out-migration. However, what makes Muehlviertel an interesting case study is the fact that the region went through the steady process of regional development starting from the 1990s with both Austrian membership in the EU starting from 1995 and the start of the LEADER framework implementation. Moreover, previous research suggests that local development activities have an even longer tradition in Austria, with local initiatives first established in 1979 through a national programme of endogenous regional development (Dax et al., 2016). The interview data, discussed in more details later on, suggests that such a success in region-wide cooperation is due to Muehlviertel being constituted by six LEADER regions, covering both almost the entirety of its land and population (see Figure 2).

**Figure 2. LEADER regions of Muehlviertel. 1- Donau-Bohmerwald, 2- Urfahr-Umgebung, 3- Sterngartl-Gusental, 4 - Muehlviertler Kernland, 5 -Muehlviertler Alm, 6- Perg Strudengau.**



Source: author's own elaboration based on Regionalmanagement Upper Austria"

Current research was carried out in line with the qualitative case study methodology. Within the case study of Muehlviertel region, the initial data was collected through document analysis (e.g. strategic plans and periodic reports of six LAGs), as well as analysis of other related sources (e.g. web-pages of LAGs). Such analysis was applied to identify the projects, implemented, to gain a systematic overview of those projects as well as to identify the stakeholders involved in the wider networks, e.g. partner organisations in bordering regions. Such analysis, rather than being a sole source of data, provided a rich background information on how the projects are designed, implemented and run - and how those



projects build upon local participation, boosting endogenous resources and establishing and supporting the networks in the process of implementing SI.

At the stage that followed, data was collected through semi-structured interviews with experts covering the organisations working in the NUTS III region of Muehviertel. The recruitment of the participants was done through snowballing sampling (e.g. Noy, 2008). This technique was applied since the expertise in the field of SI is not a robust, clearly defined quality (Chatzichristos and Nagopoulos, 2020). Since the process of regional development involves a wide range of actors, not only limited to LAGs, the interviews were conducted with the actors representing a wider political context in the regions, such as local politicians on a municipal level, regional politicians representing both the NUTS III (Muehviertel) and NUTS II (Upper Austria) regions, as well as national experts dealing with the issues of regional development. The actors interviewed were managers and members of Local Action Groups (LAGs), representatives of the local government and regional agencies dealing with regional and rural development, as well as members of cooperatives and social enterprises operating in the region. The interview guide included open-ended questions focusing on: 1) the challenges that actors face in rural development, 2) the ways in which such challenges were addressed (responses provided); 3) the constellations of actors and/or networks that have been established; 4) enabling and constraining factors in the organisation's work, including those challenges concerning the SI. In total, during a secondment at one of the cooperatives based in Austria 18, interviews were collected between September and December 2018. Following that, the interviews were transcribed and analysed using the thematic analysis, a method for "identifying, analysing and reporting patterns (themes) within data" (Braun and Clarke, 2006: 79), constituted by several stages. After the first stage of initial coding, the produced initial codes were used in order to identify emerging patterns and their potential to be allocated to certain themes. As the themes that were identified as a result of coding were covering many domains, current paper focuses on i) enabling factors that play a role in promoting SI projects through NED and ii) challenges (or hindering factors) that influence the ability of actors to promote SI within NED.

## 4. RESULTS

Neo-endogenous development approach, building upon both the connectivity between local and extra-local actors and the crucial role of endogenous resources and knowledge, has a potential as well to be a fertile ground for (social) innovation to flourish. Current paper argues that regional development which is based on strong cooperation, promoting new ways of addressing regional challenges as well as placing emphasis on the importance and unique character of local resources, triggers SI. In turn, SI encourages local linkages and collective learning cultures, enhances more efficient collaboration between the actors, as well as mobilises local resources around shared agendas, thus, strengthening the NED.

### 4.1. Enabling factors for promoting SI through neo-endogenous development

**Presence of strong regional cooperation.** Regional cooperation in the Muehviertel region, in the way that can be seen today, has been started by several municipalities that later on served as a base for creating Muehviertler Alm LAG. In the early 1990s, when the region was facing both demographic (out-migration, aging population) and economic (weakened economic activity) challenges, the municipalities of Muehviertler Alm came together in order to find a solution in cooperation through which the knowledge and the resources were shared. Later on, through the LEADER framework that was implemented in Austria, more municipalities joined the effort in developing the region, thus, leading to the creation of six LEADER regions and LAGs respectively. As such, cooperation is regarded as a key element of sustainable development where the regions strive to work in the manner that was referred to in the following was by one of the LAG managers: "*nicht gegeneinander, nicht nebeneinander, nur miteinander*" ("not against each other, not next to each other but with each other"). Such an approach was argued for due to the ability of LAGs, when participating in wider networks, to acquire the necessary support and knowledge in those domains where the local knowledge is missing. Regarding the missing knowledge and resources, such is also exchanged in the form of so-called 'best practice' examples. In one of the LEADER regions - Muehviertel Kernland - the awareness on regional development was said to be missing alongside the infrastructure to carry out the projects together with the local community.

As such, the LAG manager got in touch with other LEADER regions in Muehlviertel in order to gather the experience of the peers and obtain knowledge and experience (in how to run a LAG) be brought back to and implemented in Muehlviertler Kernland. This exchange between LEADER regions has served, on the one hand, as a tool and a channel for knowledge and experience to be exchanged; on the other hand, it served to strengthen the network through such peer exchange.

**Role of LAGs as intermediaries in the regional development process.** Within the neo-endogenous approach, local communities have an opportunity to not just participate in the projects but also be a part of designing and preparing such interventions, contributing their ideas and, as such, being active participants of rural development rather than sole beneficiaries of the projects and interventions. However, quite often local communities do not possess the necessary skills and know-how in designing and implementing the projects, as well as neither monetary nor organisational resources to do so. Therefore, for the rural communities, LAGs serve as intermediaries, connecting lacking resources back to the local actors. This role exists parallel to the expectation that LAGs serve as agents that provide access to missing knowledge. As put by one interviewee,

*[Having LAGs] gives people the possibility to bring their ideas to realization. One person sometimes cannot do the project but the LAG can give the possibility to find other people, we can build networks and realize a project without politicians.* (Manager of LEADER Forum, November 2018).

Additionally, such intermediary roles come into play when it comes to the communication between local communities and other political levels, e.g. national or the EU. Here two aspects are important. Firstly, LAGs serve as a mediator in decision-making since the decisions regarding the future development of the region - and in how far such development allows for (socially) innovative projects to be implemented - is negotiated at all different levels. Thus, LAGs serve as intermediaries between local communities and other stakeholders, representing their interests. Secondly, another intermediary function that LAGs take upon is bringing the operational language of regional development frameworks (e.g. LEADER, INTERREG) and bottom-up, community projects together, so that local ideas are linked back to reflect both the needs of communities but also a bigger regional development strategy.

**Support for the innovation narratives in the region.** Previous studies done into the relationship between the LEADER framework and innovation claim that “innovation is not usually an explicit goal of economic and cultural development projects undertaken as part of LEADER” (Dargan and Schucksmith, 2008: 283), with innovation being a term rarely discussed at the local level. As with the mainstream understanding of innovation, the range of varying approaches to and various conceptualisations of SI that exist both in research and policy is also reflected in the work done by LAGs. Regional development actors, when asked about the ways in which they understood socially innovative actions and projects, pointed out that the work done by LAGs, due to its bottom-up and participatory practices, facilitation and promotion of wider community participation in designing and implementing initiatives, can be identified as SI. Indeed, according to the interviewees, SI is about ‘*empowerment of living together in a social and healthy way*’ (LAG manager), ‘*open spaces for people when they want to try things*’ (mayor of a municipality), ‘*positive ground for providing something new*’ (LAG manager). However, despite such identification - and despite acknowledging their work as socially innovative, - some interviewees pointed out that SI is still rather underrepresented in the design of the regional and local development strategies and frameworks (e.g. Agenda 21, LEADER). Building upon that, innovation in general - and SI in particular - often occurs “almost implicitly as an offshoot of activities” (Dargan and Schucksmith, 2008: 283) with local actors having other objectives in mind such as creation of a new product or providing a particular service. As such, SI becomes a rather difficult concept for LAGs and other actors since it is not acknowledged in regional and local development strategies as a distinct category of action and is not always seen as an end goal by the regional development stakeholders.

**Focus on utilising local assets.** As outlined in the academic literature, both SI and NED strongly build upon the local potential and unique local assets, with the spectrum ranging from cultural heritage unique to the place to environmental resources that make the region stand out. Among many projects, one of the examples of such an approach that builds both on utilising (unique) local resources and aiming at satisfying local needs is the project of *Johannesweg*. Johannesweg, a 84 km long round trail founded in 2012, was initiated as a tourism project that would boost the tourist activity in the Muehlviertel region. Throughout the time, the project became a platform for entrepreneurs, politicians and local communities contributing to the development of the region and was recognised as a lighthouse project by Upper



Austria Tourism (*Oberösterreich Tourismus*) and as one of the most important tourist focal points in the region.

The significance of the project stems from the fact that, alongside being a cooperation project that transcends both geographical and sectoral boundaries, has contributed to the development of the region in several ways, namely through boosting the economy, granting more employment possibilities for local people and contributing towards positive thinking about the region from the locals themselves.

**Moving beyond sectoral approach to development.** In their projects, LAGs strive to promote integrated, sustainable development by interventions covering diverse groups of people (e.g. elderly, young and female) simultaneously, while also not limiting their projects to specific domains, focusing only on social, economic or environmental aspects. In Muehlviertel the integrated and territorial approach to development came to replace the previously dominating sectoral approach. The initial idea behind promoting cooperation among municipalities that started in the 1990s was to move regional development in said area beyond a sectoral approach that solely focused on agriculture or tourism and to take a deeper look at the challenges related to the overall life conditions and well-being of the rural communities. As put by one of the interviewees,

*what is with the social life and everything so they decided to design a process to make the regional development more than only agricultural development more than only touristic development. It is still important but it is not the only part. so we designed a process together* (Regional development advisor, Otelo member, November 2018).

One such initiative supported by all six LEADER regions of Muehlviertel is the BioRegion Muehlviertel. Being a network that includes both public (municipalities and regional authorities) and private (companies, food and tourism industry), BioRegion Muehlviertel aims at both strengthening cooperation and creating closed value-added cycles in the organic sector in order to ensure sustainable regional development. Despite having a primary focus on organic agriculture, the project's mission is to promote holistic development and networking between different sectors of education, research, production and farming, as well as tourism and leisure in the region.

## 4.2. Challenges of promoting SI within the neo-endogenous development of rural regions

Alongside the enabling factors that support SI within rural NED in Muehlviertel, there are some challenges that regional actors face while trying to stay true to the local impetus and promote innovative local and regional development projects, few of which are discussed below.

**Presence of parochial thinking.** Innovation requires local actors to be ready to take responsibility and exercise their entrepreneurial capacity. Particularly in remote and marginalised rural areas, SI processes require the participation of rural actors, often distant from one another, and their alignment around perceived behavioral and structural changes that go beyond the individual level. However quite often the 'new ways of doing things' are resisted by various actors, including local communities. One of the main obstacles that the regional actors have pointed out while promoting SI was the so-called 'church-tower thinking' (*Kirchturmdenken*) both on the part of local communities and local politicians. Parochial thinking was said to shape the way in which locals think about both regional development and innovative projects implemented by the LAGs. The main difficulty faced in this regard by the LAGs is the promotion of regional thinking rather than the thinking that only concerns the development of a municipality in isolation. As put by one interviewee,

*That is always the problem, the church tower has its own community or region [in mind]. [We work] so that not every mayor only looks at his community, but that we look very carefully, what is good for us as a region, what brings us forward as a region* (LAG manager, October 2018).

As a way of responding to such parochial thinking, regional actors have implemented projects that, rather than focusing on single municipalities, target the region-wide cooperation projects from a territorial approach. However, most importantly, in order to promote the shift in the understanding toward regional thinking, LAGs position themselves as an 'open space' where local communities can come to and learn about the benefits of moving forward in a cooperative manner.

**Top-down/ bottom-up tension and conflicts.** The importance of SI for rural regions is linked to its ability to find new models of socio-economic development through bottom-up approaches that are

capable of meeting the needs of the local community more effectively than the traditional top-down policy interventions (Lombardi, 2017). That being said, the processes of implementing and running SI projects quite often happen at the tension point between the top-down structures and the bottom-up local action. Conflicting perspectives on both (the future of) regional development and SI are an inevitable element of the innovation process, with actors from different fields and sectors having competing new ideas. As such, innovative ideas and solutions for regional development can be contested, leading to the potential resistance and conflict (Christmann, 2020).

When talking about the flexibility of LEADER and the processes that underlie the mediatory role played by LAGs some tension has been highlighted with regards to the bottom-up character of LEADER and its flexibility in acknowledging and addressing local needs. As put by a member of the LEADER forum,

*Very difficult topic in Upper Austria because they try more top-down and they have very strict requirements to do a topic, a project top-down, and LEADER is very successful and flexible in project realization. Top-down, politicians say it is my topic and it should be done this way. But we have a topic in our region and we are more flexible in realizing the topics. Sometimes it is a little bit different to bring these two together.* (Member of LEADER Forum Austria, November 2018).

As a way of managing those tensions and conflicts that did emerge, LAGs from Muehlviertel came together to create a network that would represent their perspective on regional development. LEADER - forum Austria (*LEADER-forum Österreich*), a network of 77 LAGs, was founded in 2016 as a mediatory and advocacy body by the LAGs in their communication with different political institutions both at the national and international levels with the idea of achieving direct representation for all LAGs in the process of negotiations and decision-making regarding regional development. The need for such a network stems from the existing discrepancy between implementation responsibility and ‘having a say’ by LAGs, with LEADER-forum Austria attempting to reduce this said gap.

**Remoteness from decision-making.** As pointed out in the previous section, LAGs in Muehlviertel have experienced some challenges while operating at the tension point between top-down/ bottom-up approaches to regional development. Throughout the interviews, the centralised character of decision-making, leading to the remoteness of rural actors from it, was said to be one of the reasons leading to the disparities in decision-making. In Muehlviertel, this remoteness from the decision-making at the national level was described as one of the main challenges LAGs and regional actors face when designing interventions within the region’s communities. Centralised decision-making regarding rural development is said to only partially reflect the context and the challenges rural regions face. Thus, such is causing disparities in the process of regional development where at the national level and the projects needed at the level of regions. As put by one interviewee,

*Every politician says it is important to develop the rural areas but the signals coming from the politicians are that you have to be more efficient, you have to centralize. That’s a big big difference between what we try to do in the rural areas and what the politicians say.* (Manager of LEADER Forum, November 2018).

As a result, LAGs face additional challenges with their freedom and flexibility in implementing projects, having limited capacity to influence the future agenda due to the disparities in perception on what rural development should look like and how it should be implemented. Additionally, the ‘mainstreaming’<sup>1</sup> of LEADER has reduced the flexibility of LAGs and made it more difficult for the actors operating at the local level to be flexible and to respond to the particular needs of local areas (EC, 2011). ‘mainstreaming’<sup>2</sup> of LEADER has reduced the flexibility of LAGs and made it more difficult for the actors operating at the local level to be flexible and to respond to the particular needs of local areas (EC, 2011).

**Need for efficiency in project implementation.** Having started as an initiative that allowed for flexibility and experimentation, LEADER has gradually undergone a transformation that has been said to hamper the innovative character of actions taken and projects implemented. Alongside over bureaucratized procedures and the lack of animation, the interviewees point out the challenges they face with regards to the requirements of ‘effectiveness’ and ‘success’. Due to the dependence of money allocation

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<sup>1</sup> ‘Mainstreaming’ here is understood as a process of the transfer of part or all of the LEADER approach to mainstream rural development programmes, whether co-financed or nationally financed (Convery et al., 2010).

based on past performance and the fulfillment of a project's objectives and goals, such experimentation has started to disappear, requiring LAGs to be efficient. The 'room for failure' approach of LEADER, despite the initial practice for LEADER to provide 'a room for failure', has changed. As one interviewee put it,

*In LEADER the European side perspective, it is allowed that the project is really a whole failure. If it is not working, it is not a problem. LEADER is designed as a funding for that you can try something. but in Upper Austria or national level it is not really ok if the project is not working. Then you will have problems with the money* (Regional development advisor, Otelo member, November 2018).

As such, despite the innovative character of LEADER and its focus on bottom-up and innovative action, LAGs in Muehlviertel feel the pressure to be 'successful' which is understood in terms of the number of projects implemented/amount of funds released. This perspective comes into conflict with the idea of LEADER providing a space for experimentation and trying out things that both trigger the innovative potential of local communities and places and account for the failure of such initiatives. being a 'test bed' for neo-endogenous rural development actions that may not always succeed, but that "hitherto have been considered worth trying" (Maye et al., 2010: 26).

## 5. CONCLUSIONS AND DISCUSSION

Current paper addressed the ways in which - and with what enabling factors - SI can be promoted in rural areas, focusing on the experience of an Austrian region of Muehlviertel. Such promotion is enabled by NED, reflecting the importance of local assets and their interconnection to the wider environment. Successful SI, addressing local challenges, nourishing local resources and establishing new practices/governance structures, is possible where regional development is done through the means of strong cooperation. By analysing the experience of the Muehlviertel rural region, the paper provided some new insights into how such neo-endogenous strategies can trigger, contribute to and promote SI in the region. These include a number of enabling factors.

Among the enabling factors that support SI, the first one is the presence of innovation narratives in the region, with both local communities and authorities being aware of SI and being willing to implement new solutions for more sustainable development based on shared, democratic decision-making, collaboration and co-creation of SI projects. Secondly, NED, rooted in strong region-wide collaboration, can trigger SI through the exchange of experience, knowledge and best practice where the missing resources are bridged back to the localities through intermediaries (such as LAGs). Thirdly, within the shift from a sectoral to a territorial approach to regional development, neo-endogenous strategies place a great emphasis on local resources and potentials, with SI strongly connected to the unique local cultural, environmental and other assets.

While the results indicate that NED can indeed promote SI in rural areas, results also indicate that SI is not always easy to exercise for the actors involved. SI, being about reconfiguration of social practices and providing new solutions for unmet needs, faces some resistance in the region of Muehlviertel due to some degree of parochial thinking from both the local population and local authorities, where individual municipalities are concerned with the well-being of their own population rather than thinking regionally. Additionally, SI being conflictual by nature due to different factors (e.g. change in social practices, scarcity of available resources), leads to some conflicts surrounding the implementation of innovative projects by LAGs. Despite the inevitability of conflicts, LAGs have to navigate their actions in these processes, bridging lacking resources back to the territory and being an intermediary between all the parties involved.

Operating as a part of the LEADER framework, LAGs in Muehlviertel also have to manage the tension arising between the top-down nature of governance in rural development and the bottom-up character of the SI projects they implement. Within this tension, one of the difficulties local actors on the ground have to face is their remoteness from decision-making. Such remoteness is referred to as not just geographical but also political, with national decision-making not fully reflecting/representing the context of rural areas and their needs, resulting in divergent understandings of regional development and projects that need to be tailored to respond to those needs. Therefore, more attention needs to be paid for the needs and demands of rural actors in accordance with their deep knowledge and experience of working 'on the ground' in rural regions.

Finally, the promotion of SI within the NED approach has been hampered by the ‘mainstreaming’ of LEADER. Such has been discussed previously (Dargan and Shucksmith, 2008), with the current study echoing the results indicating the hardships LAGs have to confront due to such mainstreaming processes. As such, LAGs have to work under ever increasing requirements in terms of successful implementation of the projects, thus, losing its character as a ‘testbed’ for innovation and an open space for trying things out. Such pressure being put on LAGs results in the implementation of projects that have a higher chance of ‘success’ (in monetary and other terms) rather than in projects that might be innovative in nature.

The results presented in the current article indicate that there are several important considerations for both future research and practice when it comes to NED and SI. The results bring up some concerns among regional development actors from Muehlviertel about further state withdrawal, pointing out the pitfalls of neo-endogenous approach that advocates for self-reliance but might lead to facilitating state withdrawal where rural regions are left ‘on their own’ to deal with challenges. When it comes to SI, in times of austerity and state withdrawal, SI is called upon as one of the tools that can help local communities realise their potential and e.g. address gaps in rural service provision, thus, becoming an active agent in the process of rural development. However, SI should be understood not simply as self-help in the context of rural areas but rather a way of how to address the uneven but interrelated effects of social change (Bock, 2016). As such, further research should look into NED as promoting SI that moves beyond understanding SI as a self-help tool.

Additionally, the results also indicate the need for more targeting of SI in frameworks as a distinct category of action rather than a supplementary idea to the interventions in social, environmental and other domains. Results presented also suggest that more attention is needed towards including SI as a distinct category of action in rural regions within different policies and frameworks. Despite there being attention paid to SI in policy terms (e.g. BEPA, 2010), it is rather underexplored within the existing frameworks for the development of rural regions. The role of frameworks in supporting and promoting innovative projects in regional development (e.g. LEADER) has been questioned in how far such support goes. The question about the role of LEADER in promoting SI in rural areas has been discussed in the literature before. What the results indicate is that, despite the presence of SI discourse and the regard that regional actors give to it in triggering more bottom-up action and creation of more participatory culture in realising LEADER projects, SI has a rather marginal position when it comes to the rural development frameworks and programs, still requiring much work in integrating the concept.

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