Initiatives for Promoting Innovation Among Local Action Groups in Romania

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Abstract

The LEADER programme introduced a completely new approach to rural development philosophy, methodology and practice in the EU Member States. One of the most important features of this approach is facilitating innovation, which can provide new responses to the persistent problems in rural areas. Innovation must be understood in a wider sense in this initiative. The paper focuses on the assessment of innovation knowledge and initiatives among LEADER Local Action Groups (LAGs) in Romania. The research was undertaken in June 2016. A number of 67 LAGs were interviewed by means of a face-to-face questionnaire. The research area covered seven development regions of Romania. The collected data was analysed using SPSS programme. The results of the study show that there is a need for more innovative projects developed by LAGs in the ongoing programme period 2014-2020, which differs from those funded by the National Rural Development Programme of the 2007-2013 period. Communities' problems are to be addressed by the implementation of innovative measures and by using local resources.

Keywords: *innovation, LEADER programme, LAG, rural development*

INTRODUCTION

At the end of 1980s the necessity of making rural development more sustainable was recognized. Therefore, the European Commission introduced the LEADER programme, which was a so-called rural development laboratory (Ray, 2000/b). In other words, it was an experimental approach (Ray, 1998) in which *'innovative ideas for rural development would be explored, local people would be encouraged to rediscover and valorise their local (cultural) identity, and the social, cultural and environmental dimensions would be recognised as vital ingredients in a sustainable, endogenous, territorial development dynamic'* (Ray, 2000/a).

Therefore, one of the most important aims of this rural development initiative is to facilitate innovations. Although it is widely known that innovations foster economic growth, and so they are vital to improve the competitiveness

of regions, the social and cultural dimensions of innovation are often ignored. However, in case of LEADER, not only technological, but also social and cultural innovations are fostered. For instance, researches that had taken place in the UK confirmed that most of the members of Local Action Groups (LAGs) understood innovation in terms of social innovation (*'encouraging local linkages and collective learning cultures'*), and cultural innovation (*'improving the rural milieu'*), rather than technological innovation (Dargan and Shucksmith, 2008).

Innovation can be also understood as the introduction of a new product, a new process, a new organization or a new market (European Commission, 2006). Innovation can take other forms as well, like actions to new and updated methods of adding value to local resources; measures not taken into account by other policies

or complementary to other programmes; actions to provide endogenous responses to the weaknesses and problems of rural areas (European Union Rural Observatory, 1997).

In the course of RuDI project (Assessing the Impact of Rural Development Policies, incl. LEADER), an Austrian (Strahl and Dax, 2010) and an Irish (Maye *et al.*, 2010) case study reports were elaborated to mainstream LEADER. Both case studies show that LEADER lost a considerable part of its innovative and experimental character through mainstreaming. By mainstreaming LEADER the range of the eligible activities has significantly expanded, but innovation was no longer an explicit goal or principle of local rural development projects undertaken by LEADER.

The Austrian case study points out that the mainstream LEADER reflects a conflict between administration and innovation; increased administrative processes do not leave enough room for innovation and mainly relate to the prescribed requirements for the transparent use of local resources and effective project implementation (Strahl and Dax, 2010). In addition, the Irish case study confirms that the over-restrictive rules diminish the innovative principle of LEADER, since fund raising becomes difficult for innovative projects (Maye *et al.*, 2010). For instance, in Hungary, the creation of a strategy for the period 2007-2013 occurred on a prescribed electronic platform based on these patterns so results could be standardised. The results led to decreased risks of implementation, although the strategy lost some of its innovativeness (Kassai and Goda, 2011).

In Romania, the LEADER Programme is an important tool for the socio-economic development of rural area, for improving local governance (Marquardt *et al.*, 2012) and for the promotion of social and territorial cohesion. LEADER was the fourth axis of the National Rural Development Programme for the period 2007-2013 and comprised three measures: the implementation of local development strategies, the implementation of cooperation projects and the functioning of Local Action Groups. According to Lukesch (2007), a LAG is '*a multi-purpose local development partnership which provides a space for opportunities*'. This was also the purpose of Romanian Rural Development Programme between 2007-2013: to create a public-private partnership in order to increase the competitiveness of agriculture and forestry

sectors, to increase the quality of life, to diversify the economic activities in rural space, to encourage innovation and to develop and implement local strategies. A total of 163 LAGs were created and selected by the management authority in Romania, between 2011-2012 (81 LAGs in 2011 and 82 LAGs in 2012), covering a surface of 142,000 km² (PNDR 2014-2020). The number of projects based on innovation and cooperation implemented by these LAGs was not significant in the latter period, due to various factors: lack of experience, high operational costs, poor institutional management and the reticence for projects of this nature (RNDR, 2015).

In the actual programming period 2014-2020, the Romanian Rural Development Programme aims to improve territorial development forms. The purpose of this new approach is to ameliorate the implementation of local development strategies, with an emphasis on the creation of value added through innovation. These innovative measures will target different sectors and actors: renewable energy, information and communication technology, preservation of patrimony, local products and markets support as well as vulnerable groups resilience (RNDR, 2015). The LEADER model in the ongoing period 2014-2020 is based on long-term, regional competitiveness, the creation of new jobs and businesses throughout the diversification of economic activities, increasing the quality of life of the rural population, as well as the promotion of sustainable production and consumption systems (Rahoveanu and Rahoveanu, 2013). All these objectives are included in the new development strategies created by LAGs. To achieve them, 239 LAGs participated in the open call organised by the Ministry of Agriculture and Rural Development, to finance the proposed local development strategies in 2016 (MADR, 2016). All the 239 strategies were financed according to the criteria established in the selection manual of procedures for the evaluation and selection of local development strategies. The total amount granted was 563,516,550.73 Euro (MADR, 2016).

The new LAGs strategies should be based on innovative initiatives. In this sense, it is important to evaluate the state of the art in the field of innovation among LAGs in Romania. Thus, the aim of the research was to assess the degree of innovation knowledge and initiatives among the

Tab. 1. The sample of questionnaire survey

The name of examined development regions	The structure of population	The projected number of respondents	The number of respondents	The difference	The structure of population	The structure of sample	The difference	Weighting coeff.
1. Center	25	16	7	9	15%	11%	4%	1.46
2. North East	30	19	13	6	18%	19%	-1%	0.95
3. North West	24	15	8	7	15%	12%	3%	1.23
4. South East	21	13	8	5	13%	12%	1%	1.08
5. South Muntenia	34	22	15	7	21%	22%	-1%	0.93
6. South West Oltenia	16	10	8	2	10%	12%	-2%	0.82
7. West	13	8	8	-	8%	12%	-4%	0.67
Total:	163	103	67	36	100%	100%	-	

Source: own questionnaire survey, 2016

representatives of LAGs from different regions of the country.

MATERIALS AND METHODS

The research was undertaken in June 2016. A total of 67 LAGs' managers were interviewed by means of a face-to-face questionnaire. The research area covered seven development regions of Romania (Table 1).

LAGs Selection Methodology:

For the sample selection, all the 163 LAGs created in 2011 and 2012 were considered. The sample was designed to allow a maximum error rate of 6%, sufficient in order to distinguish between the different values compared. Stratification was done by region of development, and all the LAGs were selected randomly. From each stratum, a number of LAGs was randomly extracted in proportion to the share of each stratum within the total population. Hence, according to the projection, a number of 103 LAGs was included in the sample. This allows a rate of error of +/-6%, for a confidence level of 95%, taking into consideration a correction of CPF=0,608 for finite populations (this correction appears only when population size does not differ very much from sample size).

$$CPF = \sqrt{(N - n) / (N - 1)},$$

where N=population size, and n=sample size

In every LAG, only one questionnaire was applied, designated to the LAGs' managers. From these 103 questionnaires, 67 were answered, the

difference being explained either by the impossibility to find LAG managers or because they refused to answer. To attenuate the uneven selection probabilities, the sample was evened (minimum value: 0,67; maximum value: 1,46). The maximum error margin is +/- 9%, taking into account a correction for finite populations of 0,770.

The selection of LAG managers, the survey's target, was also used in other studies (Arroyo *et al.*, 2015), the main arguments for this approach are that they are normally more aware of the problems faced by rural communities and less politically involved. According to Buciega and Esparcia (2013), LAG managers create links and generate trust between LAG members.

The collected data was analysed using the SPSS program. Mainly, frequency distributions were calculated in SPSS. The results were demonstrated in tables and figures in Microsoft Excel. Besides, cross-tabulation was used to examine the relations among nominal and ordinal variables listed in the survey of members of Local Action Groups. To measure the association between nominal variables, Cramer's V was applied. The next chapter provides the most important research findings.

RESULTS

For 82% of respondents, LAGs innovation implies solving community problems, using new solutions, different from those that have been applied so far. Only 18% of the investigated LAGs understand the innovation process as an adaptation of policies seen in other communities to local needs (Table 2). According to Pisani and

Tab. 2. According to the respondents, LAGs innovation implies.... (%)

Answers	Distribution of answers (%)
...solving community problems using new solutions, different from what has been applied so far.	82.1
...adapting policies seen in other communities to local needs.	17.9
Total:	100

Source: own questionnaire survey, 2016

Fig. 1. Who could provide innovative solutions to the needs identified in the LAG to which you belong? (%)

Source: own questionnaire survey, 2016

Burighel (2014), innovation could be promoted by LAG's involvement in transnational cooperation projects, which can facilitate the sharing of best practices and new ideas. Thus, adapting models as per other communities could be the solution for LAGs to profit from similarities and complementarity between different regions or countries. Obtaining new viewpoints and finding solutions to communities' problems could be achieved by knowledge exchange between stakeholders; this practice is essential for innovation to occur (Dwyer, 2013). The results of a survey made on the 103 LAG board members in Slovenia reflect that half of the respondents acknowledged cooperation and innovation as some of the most important features of LEADER approach (Volk and Bojnec, 2014).

According to the majority of respondents, LAG members are the first to provide innovative solutions to the needs of an organization, followed by private specialists and residents of the communes belonging to the LAG. On the fourth place, the research identified local public

authorities by 58% (fig. 1). It is surprising that LAG managers were perceived as the least source of innovative solutions to local needs. Similar results were obtained in a research conducted in Poland over 573 LAG members. In addition, the level of trust in different categories of actors belonging to 34 LAGs was evaluated; it was established that there was more trust in colleagues (LAGs members) than to public authorities (Pysk-Piotrowska and Kretek-Kaminska, 2013).

Almost three-quarters of respondents (73%) considered that the LAG they belonged to did not at all or only in a little extent, succeeded in the implementation of innovative concepts at the time being of present research (Fig. 2).

Thus, slightly over a quarter (27%) of respondents considered innovations in their LAGs had been implemented successfully (Fig. 2). The evaluation of LAG projects implemented in Czech Republic between 2007-2013 (Svobodová, 2015) shows similar results to those presented in this study: however, they were not in compliance with LEADER key principles, including innovation. The

Fig. 2. To which extent do you think the LAG you belong to has succeeded in implementing the concept of innovation until this moment? (%)

Source: own questionnaire survey, 2016

Fig. 3. You consider a project to be innovative for a LAG mainly because... (%)

Source: own questionnaire survey, 2016

explanation was related to a lack of incentives for starting innovative projects.

For the two-thirds of LAGs questioned, a project is considered innovative if it has never been implemented in the area. Hence, around one-fourth of respondents thought a project innovative; in the extent it differed from projects funded by National Rural Development Programme (NPRD). Only one-tenth stated that innovation must be a completely new thing (Fig. 3).

For the majority of LAGs, innovation is seen as a process that could be implemented to a larger extent at the management level of the LAG, too. Only 16% of respondents stated that it could be extended only to a small extent or not at all (Fig. 4).

Based on the research findings, the initiative of branding LAGs is considered as a more innovative measure than farmer associations. About twice as many respondents thought branding creation is

more innovative than the organization of a farmer association (Fig. 5).

The following actions were mostly included in the development strategies of the investigated LAGs: support of farmers' associations, support of non-agricultural activities, and attention given to vulnerable social groups. Besides, the promotion of food products and energy efficiency by using renewable sources were mentioned about three-quarters of the respondents. The ICT development was not considered a priority of the local rural development strategy (Fig. 6).

Based on the findings of Cross-tabulation analysis, only one significant correlation exists between the region and the examined variables, namely it is between the development region and the strategy of rural development if it does or doesn't include ICT development. The Cramer's V statistic (value= 0.525) shows a moderate relationship between the examined variables.

Fig. 4. To which extent do you think that innovation can apply to the LAG's management process? (%)
Source: own questionnaire survey, 2016

Fig. 5. Do you think thatis an innovative measure? (%)
Source: own questionnaire survey, 2016

Fig. 6. Which of the following actions are included in the development strategy of the LAG you belong to? (%)
Source: own questionnaire survey, 2016

It was also established that while most LAGs' strategies of the North East region did support ICT development; in the South Muntenia region ICT

support was not close to be a priority, a similar pattern was seen in other regions, where the support priority remains in a small extent.

CONCLUSION

LEADER programme was launched in the beginning of the 1990s with the specific task to enhance innovation. It was expected LEADER to play a valuable role in encouraging innovative approaches regarding development of rural areas in Romania as well. However, the research findings show that this initiative meet only in part with the expectations. Most of the examined LEADER partnerships reflected that they were not at all or only a little successful in the implementation of innovations. This is not a surprising outcome, since innovation was not often an explicit goal or concept of local rural development projects undertaken in the regions of the study, since innovation was not a compelling element of the LEADER initiative between the 2007 and 2013 period.

In the case of LEADER, innovation needs to be understood in a wide sense. It was found that this statement is true in the examined LAGs, since the majority of the respondents acknowledged both social and cultural innovations as innovations. However, it was recognized that socially innovative measures are less typically seen as innovations.

Innovation in rural areas sometimes implies the transfer and adaptation of innovations developed elsewhere, while in other cases it is a completely new project. Based on the research findings, the latter was not typical for the examined Romanian LAGs. For the majority of them, a project was innovative if it had not been implemented in the LAG before.

Most of respondents considered predominantly that LAG members could provide innovations in the LAGs. In the authors' opinion, the reason of this finding is the high level of social capital among LAG members. As other studies demonstrated, the present research also confirmed that the trust and the willingness for cooperation were much stronger among LAG members than between the LAG and the public authorities. Therefore, it would be advisable in the future to give a higher priority to cooperation and trust building with external authorities to increase the amount of implementation of innovations.

It was established that innovative projects were hampered by over-restrictive rules, the time shortage for its planning and implementation as well as by the post-financing system. The authors concluded that these obstacles should be removed

in order to increase the extent in which innovative projects are developed by a LAG in the ongoing programme period of 2014-2020, and which certainly differs from those funded by the National Rural Development Programme for the period 2007-2013.

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