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Identifying social innovations in European local rural development initiatives

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Social innovation is attracting increasing attention in research and policy, heightened by continuing austerity across Europe. Therefore, this paper examines earlier research into community-led local development (CLLD) initiatives in rural areas of Europe to develop our understanding of the meaning and scope of rural social innovation. We draw on a Schumpeterian view where innovations emerge from new combinations of resources that bring about positive changes and create value in society. A Schumpeterian social innovation framework is derived as the basis for re-analysing data from previous evaluations of LEADER policy in five different national contexts. This elicits a clearer understanding of social innovation in a rural development context, identifying different processes and outcomes that create social value. As the CLLD agenda and the demand for innovation in Europe gather pace, our aspirations are to inform future research and other initiatives on how to integrate social innovation into the design and evaluation of new rural development policies and programmes.

Keywords: social innovation; rural development; LEADER; community-led local development; rural policy

Introduction

The European Commission (2014a) defines social innovation as “innovations that are both social in their ends and in their means”. They cite the Open Book of Social Innovation explaining that “Social innovations are new ideas (products, services and models) that simultaneously meet social needs (more effectively than alternatives) and create new social relationships or collaborations” (Murray, Caulier-Grice, and Mulgan 2010). Rural policy in Europe has seen a shift in this direction over the past two decades as the LEADER programme has expanded to cover more and more areas and increasing emphasis is afforded to community-led local development (CLLD) (European Commission 2014b). Understanding and fostering innovation in rural areas “is central to modernizing the rural economy” (OECD 2012, 9), a belief that forms part of the LEADER policy¹ philosophy

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which is enshrined in the seven rules of: area-based local development strategies; bottom-up elaboration and implementation of strategies; local public–private partnerships; integrated and multi-sectoral actions; innovation; cooperation; and networking.

Rural areas, with the identifiable nature of smaller communities combined with perpetuating views that rural communities are more cohesive and sociable (Tonnies 1955; Reimer 1997; Hillyard 2007), provide a seemingly conducive context for using the potential of social innovation. Social innovation has also been strongly connected with neo-endogenous development (Neumeier 2012) which has its roots in rural development studies (Lowe et al. 1998). In emphasizing the importance of local “bottom-up” action within complex social and institutional networks, neo-endogenous development requires new initiatives to emerge that recognize local strengths and opportunities. Thus, rather than translating broader policy to “fit” into a locality, emphasizing the local setting allows alternative approaches to deliver potentially radically different solutions (Ray 2006). However, the concepts of neo-endogenous development also acknowledge that the local is not able to do everything on its own; for certain aspects external knowledge and resources will be required.

Yet, social innovation is not the preserve of rural communities and the idea of triggering social innovation and/or partnerships and networking has also gained foothold in other fields of action and policy areas, one example being the European Innovation Partnership (EIP). This has been set up across different sectoral policies, with one aim being to speed up the dissemination of innovations to users, reducing the “time to market” (Matthews 2013) in the primary and food sectors with the funding period 2014–2020.² Added value creation is expected by linking researchers and practitioners and informing the research community about research needs that matter “at the ground” (Marquardt 2013a), instead of users and scientists working in silos in parallel. Thus, with the EIP the idea of furthering a multi-sectoral approach which has established in community development has been picked up.

This paper draws from earlier research and evaluations of rural development across a number of European regions. Data are re-interrogated using a common analytical framework to identify examples of actions that could be considered “social innovations”. From the analysis of a range of examples, we focus on the question of how social innovation can be recognized and incorporated into policy goals, instruments and evaluations. From this point, we also consider the extent to which social innovation might be promoted as an opportunity-driven process, tailored to distinct rural conditions. Such an approach demands that we consider both the design and subsequent evaluation frameworks that can best support rural social innovations.

In order to do this, we must first examine the wider literature on social innovation to inform the analysis. Therefore, the next section examines the debates about the conceptualization of social innovation. This is followed by a summary of our methodological approach, presentation of findings and a discussion of the scale and impact of social innovation within the rural study areas. Together, these provide insights for policy and for future research in this field.

Social innovation – how social and how innovative?

The growing literature on social innovation is littered with references to the need for a sound conceptual or methodological framework (Neumeier 2012; Schmitz 2015), more theoretical and empirical work to help social innovation to develop into an effective policy tool (Grimm et al. 2013) and greater overall clarity (Bonifacio 2014). With social

change arguably moving as quickly as technological change (Lundström and Zhou 2011; Cajaiba-Santana 2014), the need to understand the key drivers in ways that can inform participants in social innovation becomes apparent. In a rural context, these drivers of social change can be both internal and external making the interfaces between local and extra-local and top-down and bottom-up influences especially pertinent to the emergence of social innovations.

Before examining the social structures through which social innovations might emerge, we need a clear understanding of the meaning of innovation. Innovation requires both a new idea and the recognition that the idea has a value (Martin 2009). Innovations are generally considered not to occur as isolated “light-bulb” moments, but emerge through ongoing dialogues and interactions and from new combinations of resources (Schumpeter 1934). As Sarasvathy et al. note, “opportunities do not pre-exist ... they get created as the residual of a process that involves intense dynamic interaction and negotiation between stakeholders” (2003, 25).

The challenges of defining innovation are highlighted in a European Court of Auditors (ECA) report questioning the effectiveness of Local Action Groups³ (LAGs) within the LEADER model in delivering local development through innovative problem-solving. Although many LAGs had explicit criteria for determining what was innovative, some projects were approved that, at face value, appear to lack innovation: examples include the purchase of standard apple boxes for an apple grower and the purchase of bicycles by guest houses each of which was considered innovative to the firm or to the region (ECA 2010, 26). Two cases that were rejected on grounds of lacking innovation included the reinforcement of the walls of a vicarage and the relaying of a dirt track in a vineyard but arguably, innovative approaches or the facilitation on innovative activities within the vicarage or vineyard, benefiting the wider community, might have led to a different verdict. These examples illustrate that an overly systematic approach to defining innovation may overlook aspects that are novel within a local context or that could generate innovative outcomes beyond the specific parameters of a given project.

The concept of innovation is often coupled with exogenous expertise, private companies, product development, technology and entrepreneurs – and thus often as something that emanates from urban areas. However, as Dargan and Shucksmith (2008) indicate, social innovation can include the creation of local connections and a common learning culture while cultural innovation might also be associated with improvements to the rural environment. In other words, a purely economic approach to (social) innovation is not sufficient but other stages such as changing attitudes and the building of novel partnerships must be embraced as part of the social innovation process. For example, in a social context, new processes and new ideas are just as important as new technologies and products (Eurich and Langer 2015), thus social innovation is also about mobilizing citizens “to become an active part of the innovation process” (BEPA 2011, 30). That is why the local scale and the bottom-up character of LEADER is so important.

This conceptualization of the social innovation *process* highlights the importance of social structures and related issues around class, cohesion and openness with respect to community-based activities and thus community-led development approaches. As Neumeier observes, social innovation takes place as “co-evolutionary learning processes occurring in hybrid networks of human and non-human actors” (2012, 65). Furthermore, “since social innovations are oriented toward social practices, we need to reflect on social structures, how they enable and constrain agents while acting upon those practices” (Cajaiba-Santana 2014, 43). These complexities highlight the importance of a clear conceptual framework that captures the importance of internal local factors and external

relationships as well as the nature of the networks and component relations – in essence social capital being invested to generate social innovations, hence the neo-endogenous approach.

This is not the place for a detailed critique of social capital, but it is important to recognize that the creation of social value can occur throughout the process of social innovation. Taking social capital to denote the “features of social organization, such as networks, norms and trust, that facilitate coordination and cooperation for mutual benefit” (Putnam 1993, 35), we see that the initial steps of social innovation, where people may coalesce around issues of common interest, can itself be seen as a positive outcome. From this perspective of social innovation, Coleman’s suggestion that “Social capital ... is created when the relations among persons change in ways that facilitate action” (1990, 304) appears even more insightful. Thus, for social innovation to occur, social capital needs to play a supportive or facilitating role but changes in the characteristics or components of that social capital can spark further actions.

These insights reflect other research into the embedded nature of rural communities, where too much embeddedness can be undesirable. Atterton (2007) noted that communities that are more open and have more extra-local “weak-tie” relationships tended to be more dynamic in terms of their rural development. This can be traced back in the concept of bonding and bridging capital as introduced by Gittell and Vidal (1998), and elaborated by Putnam (2000). With respect to social capital, it has also been noted that “while individuals, or groups, can hold slices of social capital, it is only through social relationships, *networks* of social actors, that social capital can be mobilised and utilised” (Lee et al. 2005, 271, original emphasis). Therefore, if social capital is to effectuate social innovation, relationships and networks are critical and thus the expectation that social innovation should mobilize citizens appears tautological – social innovation cannot happen *without* the engagement of citizens.

In today’s neo-liberal world, a shrinking public sector adds to the need for innovative solutions to satisfy those needs that the market will not satisfy (Elvidge 2014). Therefore, social innovations could be seen as a substitute for state or market solutions but this in turn could deepen the inequalities between capital-rich and capital-poor communities. Bearing some resemblance to the concept of social resilience (Adger 2000), a particularly interesting question concerns the rationale for social innovation where it has been suggested that it might be more about adapting to the forces of modernization through the development of innovative solutions (Lubelcová 2012). Elsewhere, innovation is seen as a driver of change, but here it appears that social innovation capacity is also about absorbing the impact of external change as well as creating new, positive outcomes. However, the notion that social innovation is only about adapting to specific challenges appears to miss a number of wider opportunities for positive, creative innovations. As Moulaert and Mehmood observe, “social innovation cannot be considered as an *ad hoc* and overnight problem-solution approach to community issues” (2011, 214).

In circumstances where external factors are the driver of change, social innovation might become a necessity to address the problems of rural economies “lagging” behind their urban counterparts when based on urban growth-driven metrics. Necessity entrepreneurship, however, tends to be associated with lower rates of value creation when compared to opportunity-driven entrepreneurship (Acs 2006), appearing to perpetuate the lagging nature of rural economies. Therefore, we argue that the question should focus on social innovation as an opportunity-driven process if it can contribute to rural development. To do this, we draw upon our combined experiences of working with LEADER groups across the EU to establish the extent to which social innovation has been a positive

driver of change across a number of European rural communities. We see this as an appropriate research base as the bottom-up approach of LEADER strongly advocates the creation of new public–private partnerships in rural areas, integrating local constituents into the decision-making process and strengthening the self-governance potential of rural areas. LEADER encourages socio-economic players to work together to produce (public) goods and services that generate maximum added value in their local areas.

There are many authors who judge any (rural) development programme and project as social, because in the end it is always about peoples' way of life and well-being (Lowe et al. 1998; Vanclay 2002). For LEADER this is even more the case, because LEADER is explicitly directed at creating social capital (Shucksmith 2000; Moseley, Cherrett, and Cawley 2001; Dargan and Shucksmith 2008; Nardone and Sisto 2010). However, we take a somewhat narrower position in the following analysis in the sense that we want to concentrate on the extent of social objectives achieved – focusing on the contribution of projects to sustainable communities, liveability and quality of life, instead of purely economic growth, job creation and entrepreneurship.

A framework to analyse social innovation

As the previous literature indicates, social innovation should be seen as an opportunity to do something better, to create social value and to respond to local circumstances. This may not equate to GDP growth so requires more nuanced analytical techniques. Additionally, it should not be viewed a straightforward replacement for baseline service provision (Bock 2015), but should concern innovative approaches and outcomes that provide more than the baseline level of services. These approaches should also be centred on community engagement and participation at a local level – again, issues that lie at the heart of LEADER and neo-endogenous development theory.

A number of authors have sought to apply Schumpeter's classification of innovation (Schumpeter 1934) within the field of entrepreneurship research (Flikkema, Jansen, and Van Der Sluis 2007; Van der Have and Toivonen 2007; Peneder 2010). From the social innovation literature, we attribute key elements of "social innovation" to each of Schumpeter's five elements of innovation to provide the basis for our subsequent analysis as shown in the framework in Table 1.

Cnaan and Vinokur-Kaplan (2015) chose not to follow Schumpeter's classification, considering it better suited to the economic sphere of production and business. They prefer Hull and Lio's view of non-profit organizations tending to be significantly more risk-averse than for-profit organizations, "due to such factors as their more complex

Table 1. Applying a Schumpeterian approach to social innovation.

Schumpeterian innovation	Social innovation
Product	New outcomes: new businesses, organizations, services or products
Process/methods of production	New approaches to value creation and policy/service delivery, new people involved and shifting control of processes
Exploitation of new markets	Serving the breadth of society; responding to social needs (local demand)
Inputs	Maximizing the use of local resources, including human and social capital
Organizational innovations	Network approaches and innovative partnerships

structure of responsibility” (2006, 59). They also consider that this “guides non-profits away from the innovation path more typically followed by for-profits” (2006, 59), with process rather than product innovations being more likely among non-profit organizations. Reliance on volunteers among non-profit organizations sees the nature of learning being more suited to process innovations too as these can be developed incrementally, tailored to a given, local, context.

While we note the caveats above, we embrace process as well as product innovations in our analysis and we also consider the distinction between creative and adaptive responses to be useful in analysing rural social innovation (Peneder 2010). In many cases, we predict that local policies will be adapting to external challenges or adopting ideas that have already been implemented elsewhere. By contrast, creative innovations that are “outside the range of existing practice” (Schumpeter 1947, 150 cited in Peneder 2010) may be less frequent. In applying the themes in Table 1 to our research, we must, therefore, also consider whether actions and outcomes deemed to be “social innovation” fall into the creative or adaptive categories.

For this research, as LEADER concerns both social and economic goals within rural development, the potential for both economic and social outcomes that generate social value must each be considered. Therefore, the classification in Table 1 offers a foundation that is rooted in the literature and the subsequent analysis seeks to refine and develop this into a workable schema for subsequent evaluations of social innovation. As well as questions about the characteristics of social innovations identified across our research data, we must also consider how the social value can be identified or measured and whether social innovations are transferable to other contexts or different geographical scales.

Methodology

The paper adopts a multi-case analysis drawing from different European contexts. Case studies are re-analysed from existing datasets relating to independent research projects carried out in Denmark (Thuesen), England (Bosworth), Finland and Italy (Rizzo), the Netherlands (Haartsen/Strijker) and Romania (Marquardt). The translation of Schumpeter’s innovation typology to apply to social innovation (Table 1) provides the basis for a thematic re-interrogation of our data to address the two central research questions. Together, analysis focusing on these questions demands consideration of both the degree of innovativeness and the nature of ensuing social outcomes.

Themes were identified through re-reading of our individual cases to highlight examples falling under each of the five aspects of social innovation in Table 1. These data were then discussed in a group meeting to identify the most frequent themes across the different regions as well as the different examples and interpretations of social innovation that emerged. This informed the preparation of a “first draft” of the findings, which were used as the basis for a subsequent video-conference between the research team to assess whether the reported commonalities and differences between places were an accurate representation. This triangulation phase showcased the strongest themes around the recognition and design of social innovation and provided the basis for each of the research team to go back to the data for a second time to identify further examples that either supported or questioned these initial interpretations. Although not a strictly comparative approach due to the distinctive methodologies employed in the original data collection, this approach ensured that the diversity of study areas adds richness to our understanding of rural social innovation.

The different methodologies are set out at greater length in other publications but a brief summary is provided here. In England, a mixed method approach was used to review experiences from LEADER programmes with a survey of rural stakeholders complemented by interviews with LAG members, accountable bodies and beneficiaries of funding (see Annibal et al. 2013 for full details). The Danish examples originate from focus group discussions arranged in five different LAGs in order to assess the understanding of and implementation of projects in relation to key features of the LEADER approach. The study was financed by the Danish Ministry of Food, Agriculture and Fisheries (see Thuesen and Nielsen 2012, for further information).

The Romanian study included three cases and country-wide surveys of potential LAGs and the agricultural administration of the 42 counties (Marquardt 2013b). In South Tyrol (Italy), an embedded case study design was chosen as a key research strategy, and it included the three sub-units of LAG Wipptal, LAG Sarntal and LAG Tauferer Ahrntal. Evidence was collected from semi-structured interviews (core data) as well as policy and strategy documents collected at the European, national and local level, covering both the 2000–2006 and 2007–2013 LEADER periods (Rizzo 2012, 2013). In the Netherlands, research began with an analysis of the development plans of 30 of the 31 LEADER regions (for one region there was no workable version of the development plan available) to identify the prominence afforded to the social domain. Based on the outcome of this analysis, eight regions were selected for further analysis with in-depth, semi-structured interviews with the LEADER coordinators and members of the LAG.

Findings

To address the over-riding questions of how social innovation can be identified and promoted among rural CLLD initiatives, this section explores the creation and recognition of social innovation and then the design and evaluation of social innovation. This follows key innovation theory, which indicates that innovation is a process, requiring both the creativity to conceive something novel *and* the ability to recognize valuable application(s) within the market-place or within society at large (Bilton 2007; Martin and Wilson 2010). We take a broad perspective that includes procedural innovation, such as the ways in which projects are designed or selected for funding, as well as innovative outcomes delivered by organizations within the community, where the project design might follow very standard approaches.

How can social innovations be recognized and incorporated into policy?

A crucial time for addressing attention at social innovation is during the project development and project selection phases. Leaning on the LEADER principles, it is possible to support and promote certain types of innovative projects and deselect others. As with many other member states, in Denmark innovation is a project selection criterion together with the other LEADER principles. LAG members are aware that there are many different ways to understand and work with innovation, best expressed by a director of LAG Development North West Zealand who says:

... there are lots of definitions of what innovation really is. The fact that some people come to us with an idea, it's in itself innovative. For they have taken a leap and said, now (...) we're going to move. And I consider the word Innovation as something that moves. And maybe move in an unexpected direction.

Another board member adds: “We have also used another word – projects must be something ‘extra’- that is the word we have used. Maybe it’s not (...) this brand new (...), but it is something extra, just for this area.” Further along the same track the LAG chairman says:

I would also say that on the board we’re very aware that it should not just be someone who is (...) doing something that has been tried many times before. No, we want something that is new and is innovative; we attach much importance to that on the board at least.

While there is already recognition among local actors that innovation can take many forms and occur in different domains, it is important to identify distinct spaces and categories of social innovation that occur within rural development policy frameworks. From our analysis, we observed clear groupings around private or community-run organizations, around public sector/policy organizations and occasions where the innovation resulted from new networks and cooperations between different types of organizations. These are set out in the sub-sections below.

Innovation within private and community-run organizations

In the Netherlands, the *Free XS* project saw a collection of youth clubs coming together to buy a boat as a meeting place (www.deboot.org) while in another area community halls were renovated (<http://podium10.nl/C9-HOME.html>). Although not innovative activities in themselves, low levels of support were used as catalysts to stimulate cooperation among inhabitants to raise additional funds and this in turn generated social dynamics and social cohesion. As a whole process, one could argue that this is an innovative response to the problem identified where “in the smaller villages ... services are at stake, and there is not much to do for young people. There is no place anymore where they can meet and socialise”. This epitomizes one of the Danish interview comments where innovation is about engaging those people “who think creatively, those who think beyond their own noses”. Engaging different people and looking for new ways to address local problems here fit into the “process” and “inputs” categories of our Schumpeterian typology.

A privately run visitor attraction in Lincolnshire also created social benefits as a side effect of LEADER funding. A new play-barn was funded to extend their visitor season and safeguard year-round employment, yet the wider social benefits extended to the staging of many more community-focused events including Mums’ groups, beekeeping classes and a children’s football club (<http://rushmoorpark.co.uk/index.html>). The owner of the business recognized that funding “opens your eyes to new opportunities” and this in turn is likely to spark future innovations at a very local level as new groups develop and new initiatives are conceived. Of course, the private business also gains from increased visibility in the community which enables the synergistic development of new social innovations to continue without recourse to public funding. Following the view that Schumpeterian creative destruction requires a permanent change to the status quo, one might argue that if an organization cannot sustain a new innovation independently of public funding, it should not be classed as innovation, merely experimentation.

A key element for being able to submit a profound LEADER application turned out to be human capital and time for building up capacities. Indeed, in Romania there was a preparatory LEADER measure, intended to enable local actors to build up a partnership and write a strategy but, even in this phase, human resources were essential. In some of the

English LAGs, the importance of direct assistance from LEADER advisors was required to stimulate the development of project ideas and to release latent innovations. Bringing forward projects and empowering people to explore new ideas is a positive outcome but one that must inevitably encounter a level of risk – a factor that LEADER administration was less willing or capable to oversee due to fears that authorities outside of the local area could reclaim monies if certain objectives were not delivered (Annibal et al. 2013).

In the south of England, the examples of farmers developing technological and service innovations could also be considered to represent social innovation. In one case, farmers joined together to purchase specialized lavender harvesting equipment, explicitly to increase their international competitiveness in a niche product market. In another, a farm shop was created to increase the value of farm outputs. There was nothing “new-to-the-world” in either of these examples, and the farm shop was not even new to the local area but both projects sparked innovations of different kinds. Through collaborating around the new technology, the lavender farmers recognized additional opportunities around tourism, including a new local festival and education visits, and the integration of more farmers into the network to strengthen their market prominence. In the case of the farm shop, the owner explained that “The shop is increasingly defining the farm as much as the other way round” and later commented that there is a possibility of moving into renewable energy production on the farm. Changing the entrepreneurial mind-set and helping farmers to recognize different approaches to the market and different resources available on their land are the foundation for future innovations. In essence, organizational innovations here are the catalyst for potential product and service innovations in the future.

Where ideas emerge that are new to a given area, there was a tendency to view this as innovative, even if it might have already been done elsewhere. The farm shop above is one example, but this can also occur through the process as with a case where an English LAG saw the use of information and communications technology (ICT) to make a video recording as part of the Expression of Interest as innovation. This highlights the more local character of social innovation which fits with the logic that social value creation is likely to have a more local impact compared to other forms of innovation. We would not expect a firm to innovate a new-to-the-world product or service without some experience of innovative behaviour so policies that build innovative capacity are still enacting change among rural people and organizations.

Innovation within policy-making processes

In this section, we focus heavily on the organizational category of the Schumpeterian typology, but this also facilitates the engagement of additional local people and their human and social capital resources. One example comes from Romania where the implementation of LEADER in the funding period 2007–2013 could itself be deemed innovative as there was no strong rural development or regional planning tradition in this new EU member state. Furthermore, the formation of public–private partnerships had not been common practice and following several decades of socialism, the aversion towards cooperation remained strong. Therefore, we could argue that the initial formation of LAGs and the application of the LEADER approach were themselves examples of social innovation, albeit top-down “organisational innovations” in the first instance, creating space and scope for the development of new forms of social innovation in Romanian regions. The emergence of an integrated strategy for developing the LAG region was also an innovation in the context of rural Romania and subsequent efforts to determine

budgetary priorities and regional needs and capacities all supported network-building in the region, reinforcing innovative capabilities.

Where new policy mechanisms are introduced, especially in regions with limited experience of community-led approaches, the building of trust is a key ingredient for empowering local action. In Romania, to alleviate uncertainties about entering into partnership approaches after the experiences of communism, building trust required more than just providing information. It became essential that LEADER was frequently presented in a story-telling way or in the form of good practices by highly regarded persons to raise the interest of rural actors who were then more comfortable about making the effort to found a partnership and to submit an application. Additionally, as a new policy mechanism, a LEADER application went along with requirement for proof of financial capacities, which caused LAGs to often select partners that were potentially able to co-finance later projects. Although we could argue that this limits broader public participation, the selection of individual actors to join LAGs allows the new organizational innovation to become established prior to widening the scope for participation.

This lack of experience of collaboration was not unique to new EU states, as findings from South Tyrol also identified that institutional innovation increased engagement among rural agents, in particular among municipalities, associations, and between municipalities and associations (e.g. the increasing cooperation between agriculture and tourism). Against the permeating and dominating background of top-down politics, and a rigid administrative system, an alternative way of working, which delegates responsibility to the various local communities, has been experimented. One interviewee remarked that

At the provincial level ... the approach to partnerships is difficult, because our history and politics have a top-down character, people are used to the top-down, and they do not feel the need to seek cooperation with other partners to get what they need. It is a question of mentality, traditions, and history.

A bottom-up culture has been shaped through the Tyrollean LAGs, which have developed local programming, and an environment of discussion among the different sectors. LEADER has also brought creativeness; the origins of initiatives such as the Christmas markets, “yoghurt week” and the *canederli* [typical South Tyrolean dish] festival, each emerged directly or indirectly from the LEADER initiative. LEADER has helped to improve the economic, social and cultural fabric for all citizens of these district communities. The quotation by an interviewee from the public sector best summarizes the innovative character of LEADER in South Tyrol:

Beyond the LEADER projects, the most important factor that can represent a grounding value for the future of these areas consists in having identified and cemented groups of people that have been able to increase the awareness of strengthening their own local reality. Such people, who come from different sectors, are the real added value for the rural areas in LEADER.

The implementation of the LEADER programme in the South Tyrol region has encouraged rural agents to collaborate among each other by promoting a bottom-up culture, and an environment of discussion among different socio-economic sectors; in particular, municipalities and associations have discovered an alternative way of handling development work, which delegates responsibility to the various local communities. In such regard, an interviewee has remarked that:

For our area the LEADER Programme has had a very important role because the cooperation projects it has implemented in the last period (2000–2006) did not exist at all, nor did the cooperation among the five municipalities of the area, which they were forced to engage in, and these municipalities have found other ways of cooperating beyond the LEADER Programme in other sectors. Even actors in the economic sector have started to cooperate.

In the LEADER period 2007–2013, another important success has been to transform the LAGs into centres of regional development. This means that the LAGs do not deal only with LEADER funding, but also with INTERREG, the European Social Fund and other Community funding. In sum, the LAGs have become pivotal in stimulating rural development planning beyond the remit of LEADER.

As agents of innovation themselves, LAGs have been able to learn, become empowered and build social capital through their networks. As a result of this, LAGs have been able to evolve and develop distinctive approaches to suit their localities. In both England and the Netherlands, we saw examples of multiple small projects being delivered under a single umbrella project to overcome the considerable administrative burden associated with LEADER. Additionally in England, many LAGs were able to re-direct money between different priorities to satisfy local demands once they had built up trust with higher authorities and learned how to present their cases through policy networks. While these may all sound relatively minor, each of these changes required innovativeness among key actors to do something different which resulted in greater empowerment of the local groups concerned. To better “deliver” social innovation in policy the answer might be to find clearer mechanisms to empower local action without the straightjackets of development plans that fulfil the dual purpose of satisfying top-down policy administrators.

Innovation through cooperation projects

An approach often used in the Netherlands is the development of common “village visions”. This urges the inhabitants to cooperate and to discuss themes of common interest. The development of a “village vision” has a positive effect on the number of initiatives and on the rate of success of these initiatives. It also increases the amount of social capital with a relatively low investment cost. From Denmark, we see that cooperation between LAGs also enhances social capital and enables new forms of social innovation to emerge. Examples of such cooperation projects based on network creation are “Taste of Crafts” and “Empire of the Sun”.

The “Taste of Crafts” project collectively promoted five Danish LAG areas through a series of events where food producers and artists together invited resident people and tourists to enjoy their food and art products in new combinations. People could learn more about the products and they could taste them and participate in their creation. The events that were intensively promoted through brochures and local media were held in art galleries and squares. What the project did was that it linked industries together that had not traditionally been in cooperation: “All of a sudden you get the cheese man to talk to the fish man and to talk to the butcher and so on, while at the same time a network among the artisans is also created (...).” The main objectives of the project consisted in increasing revenue for local producers; promoting the touristic attractiveness of the area; and improving recreational activities for inhabitants during summertime. The aim of the project was consistent with the content and purpose of the five LAGs’ development strategies, focusing on strengthening the tourism industry, developing the food industry and creating new jobs.

An innovative partnership between museums in three countries has been created through the transnational cooperation project “Empire of the Sun”. The purpose of the project was to create a common digital museum platform providing information about the German Nebra sky disc, the Danish Sun Chariot and the Swedish rock carvings so that people could visit all three attractions when physically visiting just one of them. The digital platform (www.empireofthesun.eu) contributes to the promotion of the other museums involved in the initiative, as well as other interesting tourist places in the three regions. In relation to the Social Innovation approach scheduled in the paper, the project both deals with a new product, a new approach to value creation and the creation of new networks. The potential for sector-based cooperations to generate value was also highlighted in Cumbria (England) where a cluster of small and medium sized enterprises (SMEs) engaged in forestry and wood fuels grew as a result of funding for a woodland advisory service (<http://www.cumbriawoodlands.co.uk/woodland-management/woodland-advisory-service.aspx>). The project created an interplay of interventions that raised knowledge and aspirations across the sector so that small businesses could begin to recognize their role in the wider wood-fuel sector. Resultant value creation took the form of sustainable energy, recreation spaces and employment – not simply wood production as an unprocessed raw material – and this also aided the spread of product innovation across the region’s economy.

Further examples from South Tyrol (Italy), West Jutland (DK) and the Netherlands have identified the benefits that can arise from the coupling of agriculture and tourism. In South Tyrol, support for small mountain agriculture has been promoted through closer cooperation with tourism. According to Tappeiner (Provincia Autonoma di Bolzano 2007, 371), “tourism without agriculture is not sustainable, neither from an economic point of view or an ecological one”. Both in the LEADER periods 2000–2006 and 2007–2013, the local tourist associations of Vipiteno, Racines and Colle Isarco have worked closely together on the development and promotion of rural tourism offers in LAG Wipptal. On this basis, several projects have been developed in agreement between the three tourism associations, and representatives from the agricultural association (*Südtiroler Bauernbund*). The aims of these projects have focused on training farmers in improving their marketing strategies which could help in the development and in the selling of local agricultural products, and in the advertisement of their farms to attract tourists. Another relevant project in the period 2007–2013 has given the opportunity to several farmers to organize a farmers market in Vipiteno (South Tyrol). Based on the positive experiences of this project, a group of farmers in LAG Wipptal in January 2013 have established the association “Vipiteno’s farmers market”. By working together, the association has been very important for improving the marketing, visibility and availability of quality local agriculture in Wipptal.

The project “West Jutland Food Experiences” has innovatively been promoting an LAG area across sectoral borders of agriculture and tourism. An LAG chairman says:

We have for example a tourist brochure, where you can see all the small food producers, there are 30 of them in the booklet, and you can see who they are and where they are and when they might have an open house, so you can use them for tourists. Then you can go and buy food, you can experience for example, a Buffalo farm, how it is done in such a place. And in relation to West Jutland Food experiences they have started to build a virtual market (...). And probably the most visible, it is that food fairs have been established, which is pretty successful. It’s something people they like. There are 4 to 5 food fairs in the area every year, with around three to five or eight thousand spectators, and it’s even growing.

There are also restaurateurs attached, which have menus made from local foods, so it acts as a form of sales agency to tourists. The third example from the Netherlands, “Van Flevolandse bodem” (From Flevoland’s Ground), has also stimulated enhanced cooperation between farmers and hoteliers/restaurateurs. Here, the core economic aim was to enhance the use of local produce in restaurants but in recognizing the valuable aspects of social innovation that emerged, we have to consider the social realm too as the new networks and social capital that grew out of the project were arguably just as important to the vitality of local rural communities.

Cooperation between retailers and consumers/local citizens offers a further dimension wherein social innovation can occur. The project “Future retail in rural areas” worked with new approaches to value creation and analysed the retailing situation in the Ringkøbing-Skjern LAG area. Workshops and practical experiments were arranged to increase sales and encourage new perspectives for countryside retailing. The scope of the project was more concretely to shed light on how the local retail trade itself could help to create the conditions for a local daily supply of goods. It focused on ensuring that local people understood the importance of the fact that the local store was still in town. Grocers in five villages were designated to experiment with different tools to increase revenue and local support: marketing, establishment of consumer–grocer relations, etc. The project showed that only a small increase in the proportion of money spent locally is needed for local stores to be sustainable, but to realize higher turnovers demanded a focused effort. It was one of the project’s conclusions that the negative development in the local retail trade is not inevitable if customer–grocer relations are revitalized. However, grocers must have skills other than merchant skills – they must think creatively, look for new markets, products and services, and take on new roles to reverse the trend.

Relating these various examples back to our framework of social innovation we see that collaborative activities are themselves innovations in some instances and, perhaps more importantly for rural development objectives, they can stimulate future innovative behaviours. Changing attitudes and boosting confidence alongside enhancing the transfer of innovation and knowledge among rural businesses and other organizations all create a more fertile culture for the emergence of new ideas and the ability to identify and capitalize upon them. Out of the initial process and organizational innovations, future services and products as well as new businesses and organizations can all develop to create new forms of social value. Without support for the simple steps, such as engaging the community to use their local shop or creating spaces for businesses to come together, the more creative ideas may never surface. This raises challenges for the design of policy in relation to potential evaluation criteria, however, so this is where we must now turn.

Evaluating social innovation to promote opportunity-led processes

Incorporating social innovation into policy goals and evaluations is not an easy task. From the Danish study it was emphasized that there is a dilemma in evaluating something (which in principle you do not know what is, because it is innovative) within a fixed framework that ensures verifiable figures. Just one example that arose across many regions was the fact that participants gain inspiration through their awareness of and work on innovative projects. At the most basic level, a comment from an English rural SME owner explaining that funding served a “morale boosting” function, whereby “it seemed as though someone in Government (somewhere) cared about small businesses” highlights the intangibility of sources of innovative behaviour.

This may be an undetected value added by the innovative approach highlighted in the LEADER principles, namely that the initiative is able to recruit competent members of the individual LAGs and that they are willing to largely contribute to what is best called voluntary organizational work. A strong emphasis on the bottom-up approach and the representation of broad knowledge of the sectors and areas on the LAG board can itself lead to organizational innovations. In particular, greater breadth of representatives was viewed positively in Denmark with views including: “Well, it’s the open discussions, and common sense, and local knowledge”; “A good discussion about the topic. And we are so different that there will be many opinions on the field, and they are then discussed”; and “What I actually think is very important is that you make sure that the board is composed of many”. There is thus a need to highlight the importance of that no sectors are dominating an LAG board and to uphold the rules for not having too many public representatives on the boards. This is an area where not all countries fulfil the rules today. During the RDP 2007–2013 in Denmark, the percentage of public representatives was, however, very low at just 14%.

A text-based analysis of LEADER development plans in the Netherlands identified that a common language is used which is often not representative of the exact contents of the plans. This suggests that there are a set of terms that must be used to satisfy higher level authorities whilst those operating within the localities then have to strive to fit their project goals within such frameworks. In England, it was noted that constraints emerged from the outset because the scope of LEADER was negotiated through combinations of EU, national, regional and local objectives. LAGs were not the authors of their local development strategies but inherited a number of pre-established rules and priorities satisfying EU policy rhetoric rather than pure local needs (Bosworth et al. forthcoming).

Further quantitative analysis of the Netherlands’ LEADER projects observed that from 148 projects across eight LAG regions, more than half incorporated social objectives as either “primary” or “side” objectives, despite the growing focus on economic deliverables during the 2007–2013 LEADER period. The share of projects in which social development is the main objective in the eight investigated regions differs considerably (5–67%), and this difference was even greater in terms of the share of the money spent (8–80%) (Speyard van Woerden 2010). In three areas (Flevoland, Kempenland and Kromme Rijn), both the share of projects and share of budget linked to social outcomes were in excess of 75%, indicating that actors in rural communities are firmly engaged in aspects of social innovation as a way of thinking about rural development.

A very clear example from one of the Dutch regions comes from the project *Samen investeren in ondernemen* (Joint investment in entrepreneurship) which offered training for entrepreneurs to strengthen the local economy. Findings indicated that the participants learned more about each other, and when the project was finished they stayed in contact with each other. This important social effect had a more lasting and influential impact upon the local business community than the specific training provided indicating that more effort is needed to incorporate these outcomes into the design and the goals of public initiatives so that they become more than “side effects”.

Therefore, we need to identify ways to evaluate policies against each of the five dimensions of social innovation: product, process, markets, inputs and organizational innovations. Specifically, evaluation should not be restricted to whichever dimensions may be stipulated in the design of policies or initiatives. If instead evaluators are encouraged to ask “what social value is created?”, “for whom is it created?” and “to what extent can it deliver enduring change beyond?” At present, evaluation criteria can guide assessments

of adaptive, problem-solving initiatives but they are much less likely to capture more creative, opportunity-led developments.

Discussion

Returning to the over-riding research questions, we must first re-iterate our position on defining social innovation in its broadest sense so that the multiple pathways to social value creation in rural areas are included. In many LEADER groups, there was an understanding that innovations could emerge in many ways and interestingly one Danish interviewee said that “it may be new products, it may be new processes, and it can also be new markets, new outlets”. Another noted that “just the process is often some form of innovation”. Linking this back to the Schumpeterian-influenced typology in Table 1, we see that community actors are reflecting a number of the parameters identified here. However, looking at each of the categories from the table, it is clear that our rural evidence is skewed more heavily towards process and organizational innovations with scope for more to be done to develop social innovation in the other domains. In proposing that our framework can form the basis for designing and evaluating initiatives that promote or deliver rural social innovation, we summarize our findings in relation to each of the five domains of (social) innovation.

Product innovation: Given that many rural initiatives are designed to build on local attributes, radically new product innovations are less likely. Instead incremental innovations to raise competitiveness within the region and the introduction of innovations that are new to the region, but not “new to the world” are more likely. The development of new and improved services and products can strengthen local markets and add value to the local resource base.

Process innovation: New approaches to creating social value were most evident within policy organizations and associated networks, notably through greater engagement on projects around community-level village planning and localized business cooperation. These were strongly associated with organizational innovations as part of the process change often included changes in the personnel and the governance systems within which they were asked to operate. Beyond the public sector, process innovations that generated social value were less evident but as communities are asked to take the lead on increasing range of services, they will have to try out new ways of delivering them.

Input innovation: Given that neo-endogenous and bottom-up development theories emphasize the value of local resources, more could be done to support innovations that valorize local assets more strongly. We have seen human and social capital championed in a number of schemes but more could be done to draw upon other forms of rural asset, as with the wood-fuel network in Cumbria where primary products, nature conservation and heritage-based tourism were all incorporated as the initiative grew.

Market innovation: One concern arises when we move to the area of innovation concerned with “exploiting new markets”. Many critiques of LEADER and other forms of community-led initiatives highlight that not all voices are heard equally. If the outcome is that inequality and exclusion is transferred to a more local scale, it could be argued that the social innovations involved are providing social value only to those within the process. Moreover, in an increasingly mobile world with growing interdependencies between urban and rural areas, arguably the social innovations that are taking place in rural areas should also embrace wider external markets too. The false boundaries between urban and rural (or in the case of LEADER between LAG territory and the outside) hinder the evaluation of projects which will inevitably have both positive and

negative impacts outside of their immediate area and, if designed differently, could potentially draw more usefully on opportunities and connections across boundaries too.

Organization innovation: These are the most commonly observed forms of social innovation across our studies. In part, this is due to the selection of LEADER areas for our case studies but it is important to emphasize the engagement of different people and the building of new networks has included private, public and voluntary sector initiatives, each of which offers the potential for different forms of knowledge transfer and innovative collaboration.

Overall, incorporating social innovation goals into policy was seen to be highly subjective and dependent upon the support of local communities as well as the networks and human capital attached to key actors that formed the driving force for new initiatives. Romanian examples found that heterogeneity among LEADER groups could benefit innovation through bringing together external and internal knowledge. However, elsewhere, it has been noted that engaging different groups of society, especially younger people, was challenging. Too much heterogeneity could also act as a barrier to forming sustainable partnerships and lasting social innovation. Therefore, more research is required to understand the potential scales at which rural social innovation might be most fruitful. Following from this, more effort should also be invested into understanding how best social innovations can be adapted and transferred to new places.

Finally, returning to our second question, it is essential that evaluation should assess whether social innovation is driven by opportunity or necessity. Activity that responds to a need may adapt the best solution available but initiatives that are borne out of creativity and opportunity can yield potentially more transformative outcomes. Similarly, if social innovation is driven by the opportunity of funding, as we saw in Romania and some English and Italian cases, rather than the opportunity to create something of social value in the entrepreneurial sense, this too can have limitations. If local participation is driven by a top-down agenda, is this community-led? If the new local initiatives have momentum and foster future collective actions, these could be considered to be organizational innovations. Indeed, neo-endogenous development recognizes that external actors play key roles in rural development dynamics and if the spark is ignited from outside but then evolves to address local issues and employ local resources in generating local development, this seems to be very positive.

Conclusion

In conclusion, policy design and evaluation must find mechanisms for capturing the value of social impacts that result from economic interventions, and vice versa. One approach is to engage local communities more strongly in shaping local development, including its evaluation, so that material impacts of any policy interventions are recognized and promoted from within. For example, bringing local people and decision-makers together to share their visions and discuss possible actions through small sustainability projects, and themed innovation workshops.

While strengthening local networks and social capital can create new economic opportunities, local actors also require the freedom to bring about changes independently – avoiding the concern of a Danish LAG member: “I think that the creative and innovative projects leave ... because they have to meet too many criteria ... and they are typically slightly different than what you already have in many areas.”

These findings have also implications for the design of related policy instruments, like the EIP: the approach of the EIP, to bring scientists and practitioners together, is definitely a

good idea, but the come-up of innovative products cannot be forced. Therefore, the EIP might be a vehicle to further develop and fine-tune innovative ideas to make them marketable and might thus supplement the CLLD policy instrument under which innovative ideas are born “by accident” within a multi-sectoral collaborative environment of longer term scope.

As the field of rural social innovation research develops, alongside greater emphasis on community-led approaches to rural development, we call not simply for greater clarity about the meaning of social innovation but for more innovative means of supporting and evaluating social innovations. Our studies provide clear evidence that rural communities are innovative when they have the necessary space and power to act. Problems arise when the positive outcomes take time to emerge or when they are viewed disparagingly as “side effects” simply because they were not part of the original brief. The invention of antibiotics was a “side effect” from a scientific experiment that had been left untended during a two-week vacation, but we would not ignore its value when evaluating the contribution of medical sciences to modern society. Continuing research is, therefore, essential to guide the design of policies that allow the value of social innovation to be better captured in a world where economic models of policy evaluation pervade. Through revisiting our separate studies, we consider that applying our framework, itself derived from an economist, offers a potential step in the right direction.

Legislation

Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005.

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Notes

1. LEADER (an acronym of its French title *Liaisons entre Actions de Développement de L'Economie Rural* – Links Between Actions for the Development of the Rural Economy) was launched as part of the EU's rural development policy in 1991 as an area-based and bottom-up approach to rural development.
2. Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005.
3. A LAG is a locally based group of volunteers tasked with promoting the availability of funding for rural development activities, selecting projects according to parameters established at their inception and working with other accountable bodies to oversee the progress of projects within their local territories. For more information, see the LAG Handbook (European Commission 2007).

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