

The interplay between social capital, leadership and policy arrangements in European rural regions

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Many rural regions in Europe are undergoing a dynamic transition. Urbanisation, agricultural change, new patterns of production and consumption, and new societal demands are driving changes in the activities, functions and land use patterns found in these areas. European regions respond in a variety of ways to the current challenges and create new social and economic spaces in which new actions and practices are given the capacity to develop.

Promising changes for rural development can be created by combining horizontal and vertical linkages leading to new consumption chains and networks. In a situation where regions have to compete more and more internationally on the markets of food, leisure and housing, they can distinguish themselves by utilising their countryside capitals, re-orientating themselves on regional resources, and developing products and services linked to cultural and symbolic capital. The new urban demands and more specifically urban-rural interfaces can function as a lubricant in rural development, stimulating eco-economical strategies which lead to a more multifunctional form of land-use (Horlings and Marsden, 2010a).

An increasingly complex arena of actors is involved in today's regional development agendas. They range from private firms and labour organisations to government and non-government institutions. The complexity of issues and actors is difficult to manage for current policy institutions. Governments are trying to mobilise societal capacity in rural areas through different forms of governance such as horizontal cooperation, co-production and negotiation between public and private actors. However, they are constrained by the limits of their managerial capacity and face institutional deadlock (Horlings et al, 2009a).

We can furthermore witness an erosion of traditional administrative power on the regional level which hampers the 'capacity to act' (see Haarmann, 2009) since the binding between government and region is under pressure (WRR 1998). 'Organisation, reach and meaning' (Frissen, 1999) have become less bounded to regions. As a result new alternative policy arrangements occur, often more temporary, in the form of partnerships and alliances (Haarmann, 2009) and new forms of spatial planning, referred to as 'soft spaces' (Haughton, 2009). Sjöblom (2009) also sees a trend towards administrative *short-termism*, more informal and non-permanent structures in the form of temporary programmes, partnerships and networks. This can create tensions between short-term devices and long-term objectives such as sustainability.

Given the described developments, a main question becomes how to create capacity to act on the regional level and get sustainable innovation off the ground? What can be the role of social capital, individual citizenship and leadership in this context and under what conditions? How can policy enable regional initiatives without them being smothered or constrained by the institutional context? This brings us to the central question of this paper: *What is the role of social capital and leadership in the transition of rural European regions, and how is this influenced by policy arrangements?* We will also contribute to further conceptualisation of the concepts social capital and leadership.

In rural development policies already is recognized that social capital is one of the crucial building-blocks for stimulating regional innovation and competitiveness. It can also be seen as key element in rural development policies. The World Bank has taken on board the social capital approach in its development policies since 1990s as earlier theories (Modernization Theory, the World System Theory, Dependency Theory) failed to explain why countries with similar endowments of natural, physical and human resources demonstrate different socio-economic performance. The World Bank has postulated that social capital is a central component in the relations between the state, market and civil society. The Leader Programme of the European Union is another example of the social capital approach being incorporated in rural policies through activities and support to rural and territorial partnerships, LEADER groups and associations (Tisenkopfs et al, 2008, p.103).

In this paper the interplay between social capital and policy arrangements is examined in detail, based on 12 European regions. We have made a secondary analysis of empirical material, which was gathered in the context of a large European research project on regional development, ETUDE, based on 63 cases and 12 regional in depth case studies, carried out by research institutes in six European countries¹. The rich empirical material shows a broad overview on rural, regional strategies in Europe.

The outline of this paper is as follows. We start with an elaboration on the concepts of social capital and policy arrangements. We will argue that not only the collective dimension of social capital is important in rural development, but also the individual dimension, e.g. expressed in the role of wilful 'leaders of change'. Leadership itself has an individual and collective dimension, an inner and outer dimension (section 2). Social capital is thus intertwined with leadership and can be understood in the context of dynamic relations between different domains of rural development. We will present an analytical model to give insight in these relations (section 3).

In order to show how the dynamic interplay of actors, agendas and arrangements leads to regional change, we will elaborate on the dynamics of the process of rural change, exploring 12 regional in depth-cases. We will describe how social capital is

¹ ETUDE aims to develop an integrated conceptual framework that goes beyond mono-disciplinary and sectoral approaches and integrates several currently emerging theoretical strands. This with the objective to: acquire a better understanding of the dynamics, scope and regional economic impact of rural development processes, whilst reflecting the large heterogeneity of rural areas and activities, assess the differential impact of newly emerging rural constellations in terms of land management, the competitiveness of rural economies and the quality of life in rural areas and explore the interfaces between different rural development trajectories and governance structures and rural policies. For each objective, recommendations are developed that are applicable in the domains of theory, practice and policy. ETUDE is a cooperation between partners of universities and institutes in 6 countries (UK, Germany, The Netherlands, Italy, Latvia and Finland), see also www.etuderd.eu.

functioning as lubricant, initiator or outcome of rural development (section 4). Section 5 elaborates on the types and roles of leadership in these cases. Furthermore we will analyze the interplay with the current policy arrangements in these regions (section 6). In section 7 conclusions are drawn based on the empirical research and some suggestions for further research are given.

2. Concepts of social capital, leadership and policy arrangements

2.1 Defining social capital

Social capital is rooted in the two disciplines of sociology and economy. Recent overviews of social capital definitions and theories have been made by for example Tisenkopf et al (2008) and Arnason et al (2009). Social capital refers to networks, cooperation and social relations. It is based on similar definitions that can be found in the literature as: ‘social capital refers to the norms and networks that enable people to act collectively’ (Woolcock and Narayan, 2000). Social capital is a qualitative dimension of economic and social life. At the same time it has to be learned, developed and practised by social actors. When considering rural development processes, both the opportunities and limitations of social capital should be taken into account (Tisenkopf et al, 2008, p. 88).

Some scholars use a very wide concept of social capital not only referring to micro-level relationships but also to “relationships between people and organizations, institutions and between organizations themselves. In this sense, social capital has not only a civic engagement dimension, but also a strong institutional dimension” (Tisenkopfs, et al, 2008: 97). This approach can however be confusing, because it blurs the distinction between institutional arrangements and social capital. That’s why we narrow the definition of social capital to: *voluntary and non-governmental relations, networks and cooperation between actors in communities and regions.*

Although there are similarities in the literature on social capital, also some differences can be distinguished. A distinction can be made between two approaches (Arnason et al, 2009, p.10). The first approach focuses on social solidarity that produces the ‘glue’ to bind members of a society. Putnam (1993) defines social capital as networks that enable cooperation. The second ‘Weberian’ approach examines the divisions within society, and particularly the mechanisms by which individuals are able to accumulate various sorts of capital. Bourdieu (1984) for example defines social capital as social resources that provide access to economic capital. ‘In the latter, social capital relates to the possibilities that individuals have for establishing or cementing themselves within social networks, in order to attain personal advancement or maintaining social distinction. The former, by contrast, emphasizes the collective means of improvement that can be undertaken by groups that are able to operate successfully together’ (Arnason et, al 2009).

Many collectivist approaches refer to social capital in relation to resources. Cecchi (2009) sees social capital as the result of the use of resources while Lehto ad Oksa (2009) refer to social capital as the ability to collectively exploit a set of resources and argue that local resources are transformed through the presence of positive social relations. These collectivist approaches reflect a concern with the cohesiveness and ‘functioning’ of society (Arnasan et al, 2009).

Tisenkopf et al (2008), following Murray (2005) point out the tension between the individualistic and collective ('holistic') perspective on social capital. The individualistic perspective is considered as a valuable resource for 'strong actors' (such as educated professionals, entrepreneurs and innovative SME's), to enhance their professional or commercial performance through skilful using their social contacts. The holistic perspective highlights social capital as an option for 'weak actors', for example excluded groups of the population to solve their problems through engagement in mutual support networks.

In our view the individual and holistic perspective can be combined. Stenbecka and Mattson (2009) for example combine an individualistic and collectivist approach to social capital by arguing that while active voluntary associations can contribute as a whole to development processes, connections between actors on an individual level need to be understand in order to ascertain specific effects on different social groups. Here social capital emerges more as a practice or process than a pre-existing quality.

2.2 Dimensions of leadership

Actions on the individual level for example take shape in the form of activities of wilful individuals who can play an important role in regional development processes, acting as 'leaders of change'. The passion of these leaders of change is crucial for mobilising people around a joint regional agenda, in creating novelties and in bridging the gap between public and private actors (Hurlings et al, 2009b, Hurlings 2010a). Leadership is not a matter of leaders and followers on the regional level but most of all acting in networks; it is a collaborative process. Sotarauta (2002, 2005) refers to this process as 'shared leadership'.

We argue here that shared leadership in regions has an individual and collective dimension, an inner and an outer dimension. To clarify this, Ken Wilber's (2000) psychological diagram is helpful which shows four dimensions. Table 1 summarizes Wilber's theory. The upper row represents the individual perspective and the bottom row the collective perspective. The left side refers to the subjective inner world and the right side to the objective outer world. The resulting quadrants are referred to as I (upper-left), IT (upper-right), WE (lower-left) and ITS/THEY (lower-right).

Table 1 Ken Wilber's psychological diagram (Wilber, 2000)

	Inner world	Outer world
Individual	I: Intentional (subjective)	IT: Behavior (objective)
Collective	WE: Cultural (inter-subjective)	ITS/THEY: Social (inter-objective)

This model can be applied to the rural, regional context (see Table 2).

Table 2. Dimensions of leadership in rural regional development (Horlings and Padt, 2009).

	Inner World	Outer World
Individual	<p>‘The X-factor’</p> <p>Personal qualities and skills Motivation and passion for sustainable development</p>	<p>‘Vital space’</p> <p>Stimulating favorable behavior towards sustainable development anticipating the governance context (hierarchy, competition, self-governance, autonomy)</p>
Collective	<p>‘Shared leadership’</p> <p>Working across organizational boundaries and beyond ego-driven goals. Shared cultural aspects and values Leadership tasks include awareness raising, mobilization, framing, coordination, and visioning between visions</p>	<p>‘Bricolage’</p> <p>Connecting networks and arrangements to cope with new challenges affecting sustainable development (e.g. urbanization, new functions, climate change)</p>

The WE dimension is well-known since it refers to cooperation. It is this dimension that the links between leadership and social capital as forms of cooperation are most clearly. The WE dimension refers to the inter-subjective perspective, which can be linked to the notion of *shared leadership* and the different types, tasks and associated capabilities of leaders in regional networks (see Sotarauta, 2002). Sotarauta (2002, p. 197-203) identified various types of leaders in regional development practice, based on their specific qualities in networks: technocrats, network shuttles, visionaries, handicraftsmen, political animals and battering rams. Tasks of leaders in regional development are awareness raising, mobilisation, framing, coordination, visioning between visions (Sotarauta, 2006). The WE dimension stresses not only the importance of cooperation and coalitions, but also refers to shared cultural aspects and values.

However, a complete model on leadership also includes three other dimensions. The I dimension is often underestimated. It refers to the individual-subjective dimension and to the question: what keeps leaders of change motivated and energetic; what keeps them going? We would place this ‘X-factor’, the personal qualities and attitudes, and the underlying personal motivation, passion and drives of individual people into the first quadrant. According to the management literature on leadership facts as well as feelings are important. Not only rational aspects, but also ‘soft’ factors like personal enthusiasm and stimulating motivation and commitment to others are relevant (Buchanan and Boddy, 1992).

Empirical projects in the Netherlands in the Netherlands show that facts, feelings and emotions indeed play an important role and contribute to informal personal understanding between people. Inspiration, passion, energy and inner motivations are crucial for realizing effective ‘vital’ coalitions on the regional level, when facing obstacles. These are the essence of the ‘human factor’ in regional projects. Especially

passion is necessary to persist during long processes of cooperation (Horlings et al., 2009b).

The IT dimension refers to the individual objective dimension, the perceptible behavior and roles in a regional setting. For this dimension, Wielinga's model of roles in regional development is helpful. Wielinga discerns leadership behavior from leadership roles. Leadership behavior can be stimulating or antagonistic. To show positive behavior a leader can take on a role as inspirator, negotiator, mediator or clown (dependent on the governance context). These roles are not bound to a formal or legitimated position. Leadership roles displaying antagonistic behavior mirror the stimulating ones and can be described as the strategist, fighter, prophet, and regulator. This behavior is effective when 'position play' is necessary, aimed at creating a certain position in the network and gaining respect, by using power and resources. In such instances the leader, however, risks escalation or strengthening existing blockades (Wielinga, 2001; 2005). In Wielinga's view, there is no single preferred governance context for sustainable regional development. Governance contexts such as hierarchy, competition, self-governance and autonomy can be appropriate and satisfying as long as they contribute to the identity of the network, the willingness to provide authentic input and a positive attitude. An important condition for cooperation is however the creation and maintenance of a *vital space* in these situations where trust, specialisation, division of tasks and creativity can flourish (Wielinga 2001).

The ITS or THEY-dimension of leadership refers to the inter-objective dimension, the interaction of the leaders and 'their' network within an institutional context. In public-private cooperation for example interaction is often hampered by environmental regulation and procedures, the sector-based internal organizations of governments, lack of cooperation between entrepreneurs, lack of trust, clashing interests, psychological dynamics and the physical and social characteristics of the regional context (Horlings and Haarmann, 2007; Van Mansfeld and Van der Stoep, 2007). The emotions that result from this like despondency, anger, despair and distrust can easily lead to a lock-in situation.

Padt (2007) however showed, based on an analysis of regional environmental planning in the Netherlands, how leaders are capable of creating room to manoeuvre to establish surprising coalitions and innovative projects. Key in their approach was the use of ministerial arrangements as an opportunity rather than as a constraint; they applied a form of institutional '*bricolage*'.

Some explorative empirical research on these leadership dimensions has already been carried out in eight case-study regions in the Netherlands. The results showed that 'leaders of change' in regional development have the following characteristics (Horlings, 2010a):

1. Availability of time
2. Open and flexible external attitude in networks and towards new knowledge
3. Good storytellers
4. Good networkers, in formal and informal contexts, functioning as boundary spanners in public-private partnerships
5. Acting in different roles and not afraid to act as a 'battering ram'
6. The ability to signal and use synchronicity of events

2.3 Policy arrangements

Policy arrangements can be seen as a specific form of institutional arrangements. It has been defined as: ‘the temporary stabilisation of the content and organisation of a particular policy domain’ (Van Tatenhove et al 2000, p. 54). Daily interactions between policy actors are assumed to gradually develop into more or less stable patterns, usually referred to as institutionalisation. The structure of a policy arrangement can be analysed along four dimensions, the former three referring to the organisational, the latter one to the substantial aspects of policy (Liefferink, 2006, p. 47):

- Current policy discourses, where discourses entail the views and narratives of the actors involved (norms, values, definitions of problems and approaches to solutions);
- Actors and their coalitions involved in the policy domain;
- ‘Rules of the game’ currently in operation, in terms of formal procedures of decision making and implementation as well as informal rules and ‘routines’ of interaction;
- Division of resources between these actors, leading to difference in power and influence, where power refers to the mobilisation and deployment of the available resources, and influence to who determined policy outcomes and how;

3. Leadership and social capital nested in rural regional development

The concepts of social capital, policy arrangements and leadership have to be understood in the context of the dynamic interplay of relations and linkages on the rural, regional level. Rural development can be seen as the unfolding of a rural ‘web’ in the regional context (Van der Ploeg and Marsden, 2008). The concept of the rural web describes rural resources, actors, activities, linkages, transactions, networks and positive externalities. Theoretically the model captures the interrelations between six conceptual domains: endogeneity, novelty, production, social capital, market governance, new institutional arrangements and sustainability (see Table 3). In this model sustainability is territorially based. Rural development is viewed as a dynamic web of linkages, responding to the ‘squeeze’ on rural economics, which reshapes the rural whilst enlarging competitiveness and enhancing the quality of life.

Table 3. Domains of rural development (Marsden, in press)

Endogeneity	The degree to which rural economies are: a) built upon local resources; b) organised according to local models of resource combination; and c) strengthened through the distribution and reinvestment of produced wealth within the local/ regional constellation
Novelty	New insights, practices, artefacts and/or combinations (of resources, technological procedures, bodies of knowledge, etc.) that carry the promise that specific constellations function better
Social capital	“[T]he norms and networks that enable people to act collectively” (Woolcock and Narayan 2000), or more specifically, the ability of individuals, groups, organisations or institutions to engage in networks, cooperate and employ social relations for common purpose and benefit
Market governance	Institutional capacities to control and strengthen existing markets and/or to construct new ones
New institutional	New institutional constellations that solve coordination problems and support cooperation among

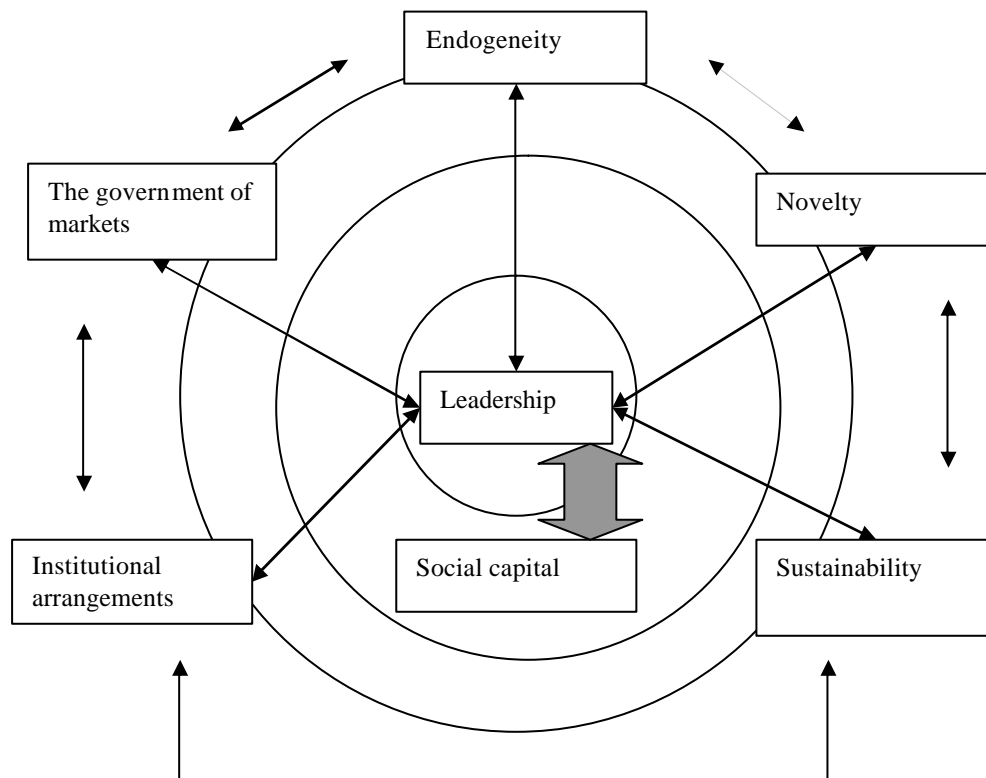
arrangements	rural actors
Sustainability	“[T]he existence of the social and ecological conditions necessary to support human life at a certain level of wellbeing through future generations” (Earth Council 1994)

(Adapted from van der Ploeg and Marsden, 2008)

The model can also be used to describe the unfolding of the web as a process of *social change*: illustrating changing domain interrelations (Kanemasu et al, draft). This is not surprisingly, since rural development happens through social processes and in particular social networks (Arnason et al, 2009:6). The model of the rural web can however be elaborated and refined on aspects such as for example the conceptualisation of institutional and /policy arrangements and the broad variety of social/human capital (see Vihinen and Kull, 2009).

How does this web unfold? Leadership and social capital can be seen as *nested* in the wider domains of institutional and policy arrangements, novelty, market governance and sustainability (see figure 1).

Fig. 1. Leadership and social capital nested in the wider domains of rural, regional development



In the previous section we described how leadership and social capital share an individual and collective dimension. The relation between leadership and social capital in this model can be further elaborated by using the concepts of bonding, bridging and linking capital (Tisenkopfs et al, 2008). While bonding social capital refers to links with others who are similar; bridging social capital refers to the links a community has with others that are different (Schuller, 2007). Bonding capital provides stronger ties than bridging capital. Bridging capital is important for more distant connections between people and is characterized by weaker, but more cross-cutting ties e.g. with business associates, acquaintances, friends from different ethnic groups etc.

Linking social capital describes the ability of groups to engage vertically with external agencies, either to influence policies or to draw upon resources (Woolcock, 2001). It involves relations of hierarchy between groups having different positions or power. In the context of rural development, linking social capital is important for strengthening the external capacity of farmers, their ability to negotiate with the state and other relevant actors (Carroll, 1992; Bebbington, 1998).

Leaders play a role in regional networks by contributing to these different types of social capital. They have a bonding and bridging role in aligning people around a shared, regional agenda, which has been referred to as the WE dimension. They have a linking role by connecting their own network to the wider institutional networks (ITS/THEY dimension). They constantly switch between networks and related cultures, logics and languages. In this sense leaders can work as ‘boundary spanners’ in public-private cooperation (Jones and Noble, 2006; Noble and Jones, 2008).

Social capital can potentially function as a key initiator in rural, regional development. Kanemasu found, based on a quickscan of 63 European case-studies within the Etude-project that in 7 of the 63 cases social capital turned out to be the principal domain. Social capital tends to be a key initiator when it is positively combined with new institutional arrangements, resulting in positive outcomes in endogeneity, market governance, sustainability and novelty: ‘Social capital as an initiator also often functions in tandem with endogeneity and/or novelty and has more or less direct bearing on (especially) sociocultural sustainability, which is strengthened when mediated by the lubricant of institutional arrangements. In both cases, social capital is often reinforced or renewed by the same process it facilitates’ (Kanemasu et al, 2008a, p.204).

In this paper we will examine this interplay more in depth, based on the 12 in depth-case study areas of the Etude project.

4. Social capital in European regions

In the context of the European research project ETUDE, 12 regional in depth case studies have been carried out by research institutes in six European countries. For the location of the cases, see figure 2. In table 3 are described the main driving forces of development in the 12 areas, the type of area, the regional development strategy that is dominant, the form of social capital and the main activities that are stimulated by the current institutional/policy arrangements. The table shows that a large variety of regional rural strategies can be witnessed in European regions, dependant of the history, driving forces, regional characteristics and institutional/policy arrangements. A typology of regional differentiation has been made between four types of areas (Van der Ploeg et al, 2008):

a *Specialized agricultural areas*, where farming shows high degrees of specialization, intensity and scale and where other economic sectors are only weakly connected to agriculture.

b *Peripheral areas*: These are regions where farming never played a major role (as in the extended Finnish woodlands). This category also includes areas where agriculture was once significant, but is currently in decline.

c *New rural areas*, where agriculture is developing along the lines of multifunctionality, and is increasingly intertwined with the regional economy and

society, thereby contributing to regional qualities (as biodiversity, landscape, the supply of services, quality of life, energy production, etc).

d *Segmented areas*, where alongside specialized agriculture other, equally specialized sectors (e.g. housing, tourism, and nature) are emerging. Multi-functionality at the level of enterprise occurs, but multifunctional *land-use* (at the regional level) is not the distinctive feature.

e *New suburbia*, where agriculture is declining and where new, often dispersed, settlement patterns are emerging, in which commuting provides a major link with the urban economies.

Fig. 2. Location of the 12 case-study areas.



Table 4. Social capital in 12 CSA (partly based on Von Münchhausen and Knickel, 2009)

	Driving forces for regional development	Type of Area	Social capital	Regional Strategy	Activities
Devon, UK	Footh and Mouth Desease	New rural area	Strong territorial identity, agri-food initiatives, lack of bridging social capital	Multifunctional agriculture, responding to societal demands	Farm tourism, direct selling, regional products
Shetland,	Narrow	Marginal/periph	Sense of community	Export-oriented oil	Destiny branding,

UK	economical bases, vulnerability of sectors (such as oil-industry)	eral area; eventually in transition towards segmented area	(bonding s.c.); strong public sector (linking s.c.); social exclusion (lacking bonding social capital; self-reliance, family-oriented action	production, now re-orientating to new urban niche-markets	new markets like tourism, quality products and energy production (cabled to urban centres)
Lunigiana, Italy	Fragility of the local economy, local identity, rural discourse and 'Tuscany effect'	In transition from marginal area towards new rural area	Lack of ability to get things done collectively, 'localism' and 'municipalism'	Short-food chains and rural-tourist system	New niche-food products, organic production and B&B's
High Tiber Vally, Italy	Tobacco industry	In transition from specialized area towards segmented rural area	High entrepreneurial attitude, many initiatives/networks, strong sense of reputation, high level of cooperation, family farms and enterprises	International consumer and tourism markets	Facilities for foreign tourists and events
Giessen, Germany	Unemployment Good connections Urban influence	Metropolitan countryside	Nature/landscape assoc., partly engagement of farmers, good qualification, high population density, vital villages	Development of non-agricultural sectors and 'quality of life'	Simulation of knowledge, energy and leisure
Oberland, Germany	Remoteness Decrease of dominant industrial sector	Segmented area, eventually in transition towards new rural area	Informal networks, culture and qualifications, individualism	Development of experience oriented tourism and biomass	Active forms of recreation and wellness Craftmanship, geo-history, bio-energy
Kittila, Finland	Mining industry and tourism	Peripheral area	Strongly developed, active Local Action Group, but also long distances, people are used to do things on their own	Development of mining and (long-distance and international) tourism	Large ski-resorts, farm tourism and exploitation of a goldmine
Tyrnävä, Finland	Potato cluster	Specialized agricultural area	Overall weak, but strong bonding social capital in 'Laestadians' society	Specialized export-oriented food production	Seed potato production
Abava Valley, Latvia	Agricultural market squeeze and externally stimulated tourism	Segmented area	Business networks, professional associatives, innovative personalities, weak institutional cooperation.	Regional tourism and multifunctional agriculture	Rural services such as farm-tourism, green holidays, traditional events, wine festival
Smiltene region, Latvia	Non agricultural production and services	New rural area	Business networks, human capital, strong local identity, local patriotism, sports/culture as resource for community development	Development of sport en culture	Entrepreneurial activity in different branches
Rivierengebied, Netherlands	Agricultural modernization	Segmented rural area	Rural SME's, networks and partnerships, no shared identity, sector/village based activities	Food production (fruit, dairy) and landscape management	Agri-environmental cooperatives, international-oriented (fruit) production,
Laag-Holland, Netherlands	Multifunctional agriculture	In transition from marginal area towards new rural area	Rural SME's, National Landscape based partnerships	Strengthen rural-urban relations by multifunctional agriculture	Landscape management, regional products, care-farming, rural-urban cooperation

The social and human capital domain encompasses all social and economic sectors of the particular areas. 'Social capital' turns out to be in particular highly relevant in three rural webs: in High Tiber valley, Smiltene novads and Laag Holland. When we look at the cases we can make some general observations of social capital (Von Münchhausen and Knickel, 2009, p.32):

- Most of the regions have a large number of active associations and initiatives, especially in Smiltene, Odenwald, Lunigiana, Laag Holland and Devon; several focus on rural issues especially.
- Tyrnävä (Lastadian groups), Kittilä (Sami) and the Shetlands (Islander) have groups characterised by strong bonding social capital.
- Strong bridging social capital was found in the regions Kittilä, High Tiber valley, Laag Holland and Smiltene novads.
- Partly lacking bridging social capital limits development potentials in Tyrnävä, Lunigiana, Odenwald and Shetland Islands.
- A strong regional identity is a characteristic of endogeneity as well as of social capital. The population of Kittilä, Lunigiana, High Tiber Valley, Smiltene novads, Laag Holland and the Shetland Islands has a strong regional identity. Recognizable but not as strong is the regional identity in Odenwald, Giessener Land, Abava Valley and Devon. Riviereengebiet is not a traditional region and for that reason rural dwellers see their regional identity linked to different towns bordering the region.

In all case study areas, the social and human capital has been found to be of central importance. 'The establishment of coherent hybrid networks gives resilience to rural areas, as redundancy of linkages fosters synergies, innovation through recombination and hybridizing, easier commutation between forms of capital - the more the coherence, the more fluid the flows within a rural web' (Von Münchhausen and Knickel, 2009, p.32).

Types of actors in the 12 regions

In the 12 regions different types of actors or combinations of actors contribute to social capital such as:

- The civic society: community activity, groups, networks, individual initiatives, ngo's;
- The private sector: business organisations, trade associations, co-operatives, private leadership;
- The public sector: forums, partnerships, governmental cooperation, public leadership;
- Partnerships between market, government and/or civic society (which can establish links between social capital and policy arrangements)

The dominance of these actors varies per region. *Administration-driven* regional management is a typical phenomenon in Kittilä municipality, Giessen district, Odenwald district and Shetland Islands municipalities. In Shetland for example, the provision of resources, employment and leadership in the public sector has been a primary driving force for rural development. The council has functioned as a major economic driver on the Island through the provision of funding, regional marketing, business support and training. Public sector organisations have initiated several forums etc. to facilitate multiple-stakeholder dialogue an action as well as successful participatory initiatives.

Social capital in the form of *civil participation* and voluntary actions are strongly developed in regions such as Shetlands, Odenwald, Kittila, Smiltene, Lunigiana, Laag Holland, High Tiber valley and Devon. In Smiltene for example community life is a driving force for regional development. In this region there are 15 active NGO's. Smiltene is unique in the level of activity in the population in sports. This seems to have created team spirit and collective identity, local patriotism, which is a driving force behind collective actions for common good. Social capital has played a triggering and a gluing role in the region. Stemming from the local participation traditions (endogeneity), social capital can be also viewed as the initiating dimension for the web dynamics in this area, facilitating actions also on institutional level.

5. Social capital nested in domains of rural, regional development

In this section we will elaborate on the interplay between social capital, leadership and the wider domains of rural, regional development, by describing some cases where these relations are manifest.

Social capital and institutional arrangements: Laag Holland in the Netherlands

An interesting example of the interplay between social capital and institutional arrangements is Laag Holland in the Netherlands. In this area one of the first agricultural associations on nature and landscape management was established. 30 years of initiatives and activities of a group of farmers concerning agricultural nature and landscape management and broadening of agriculture have played an essential role in the development of social capital. The groups criticised governmental plans and developed better working alternatives, organised farmers, started a dialogue with other organisations, etc. In Laag Holland the building of social capital often was linked with the building of new institutional frameworks: a social basis and social capital were conditions for a good organisation and well organised initiatives. These initiatives had concrete and positive outcomes that resulted in broadening and strengthening of social capital and a new institutional framework, a broader position within networks, etc. (Van Broekhuizen et al, 2008).

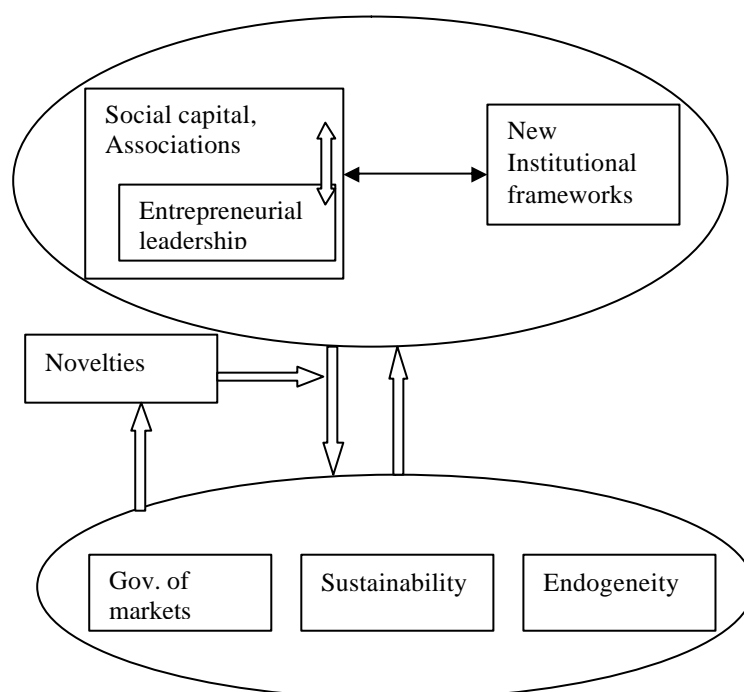
In Laag Holland the individualistic perspective as well as the 'holistic' perspective on social capital is relevant. In this region the Program Office Laag Holland, an organisation of 22 public and private actors, both rural and urban successfully worked together on rural development. The organisation implemented concrete projects and stimulated municipal cooperation. Due to the contribution of municipalities to regional funding, financial resources of one municipality could be invested in another municipality.

Individual leaders of change play an important role in this region. One entrepreneur for example is a pioneer in multifunctional agriculture and new rural-urban relations. He works mainly as a networker and sometimes as a 'battering ram' to achieve his goals. In 2000 he started Landside, a commercial organization which facilitates 87 entrepreneurs who offer day care on their farms. The farmers offer a broad variety of clients daily activities, providing them safety, structure, space and challenges. The entrepreneur is also one of the initiators of 'My Farm', an organization which stimulates the development of regional products. My Farm cooperates with Amsterdam, a city that develops a more sustainable food strategy. One of the results was the opening of a cooperative supermarket in the centre of Amsterdam in February

2007. This shop sells quality products of the farmers in the region Waterland and functions as a marketplace (Horlings, 2008; 2010a).

In Figure 3 the construction of the rural web in Waterland is outlined. Social capital and new Institutional Frameworks both are initiators and outcome. Initiatives started as a small group with limited social capital and institutional basis, but by getting results (esp. sustainability: creating a flow of income out of nature management) social capital was increased and new institutional frameworks could be built and developed which in its turn created the conditions for new results. Novelties are a lubricant, but in and through new practices new novelties are produced as well (specific local knowledge) (Van Broekhuizen et al, 2008).

Figure 3 Social capital as initiator in Laag Holland (based on Broekhuizen et al, 2008, p.19).



Social capital, endogeneity and sustainability: Devon in the UK (Kanemasu et al, 2008b)

Devon is successfully established as a leading county in alternative food networks (especially organic farming and local food) and sustainable tourism. Social capital has the potential to be a powerful regional development driver in Devon. The county enjoys a strong territorial identity, a relatively high level of volunteering and civic participation, and a quality of life that is perceived to be generally favourable and satisfactory by its residents. This suggests a degree of social cohesion that may be tapped into as a potent *lubricant* which, combined with effective new institutional arrangements, facilitate successful implementation of collective actions to deliver RD benefits.

Some initiatives especially in the agri-food sector have mobilised this asset, evidenced by the active collaboration that has taken place among local/organic food producers. For instance, the success of South Devon Organic Producers, 13 family-run farms that

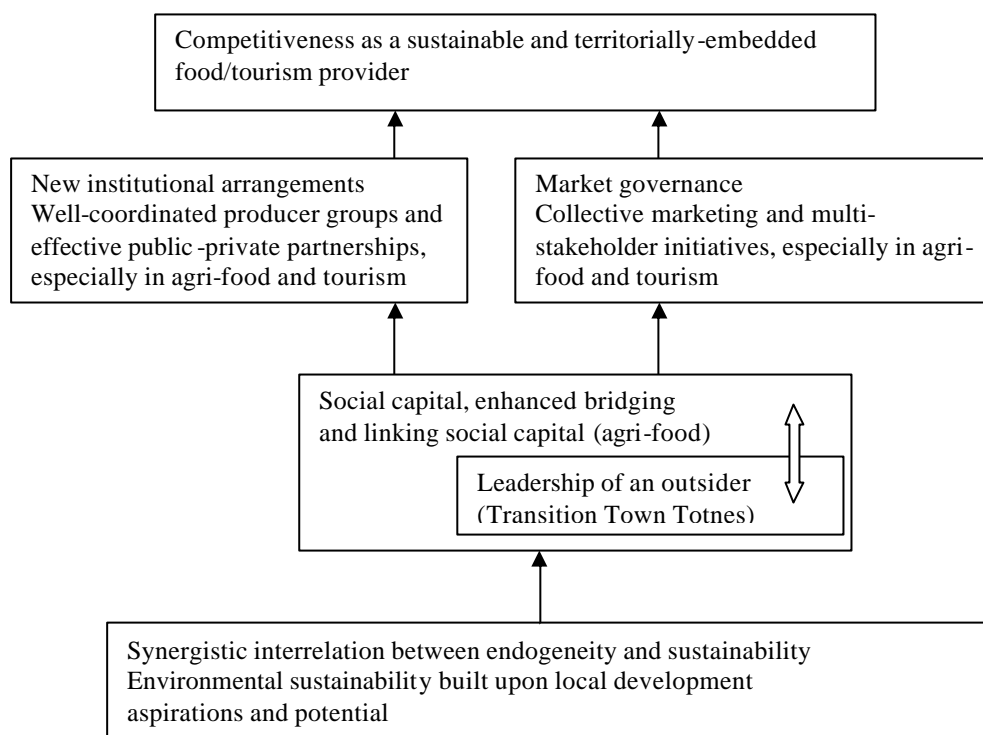
collectively supply an award winning organic box scheme, is owed to the members' capacity to trust and collaborate with one another in order to share the high costs of specialist labour and machinery and to collectively plan the cultivation of 85 different varieties of vegetables, thereby overcoming the problems of consistent supply. One may speculate that agri-food initiatives are relatively well placed for the mobilisation of (especially bonding) social capital, given the symbolic role of food in the county's territorial identity.

The significance of social capital can also be seen in the Transition Town Totnes (henceforth TTT) where the leadership of 'wilful individuals' plays a conspicuous role. TTT is a community movement working towards the creation of an Energy Descent Action Plan for the town of Totnes in South Devon. The initiative was officially launched in September 2006 by the charismatic leader Rob Hopkins, who recently moved to Totnes from Kinsale, Ireland. TTT's key activities involve not only conservation and renewable energy projects but local food promotion and economic localisation. While the notion of Transition Town was introduced from without by the capable leader, it successfully took root in the local community primarily due to the enthusiastic participation by a critical mass of individuals who came together under the common cause. This led to effective mobilisation and renewal of bonding and bridging social capital of the local community.

The emerging dynamics of the "web" in Devon suggests a synergy between endogeneity and sustainability, secured through effective new institutional arrangements and market governance measures, which has a significant potential to contribute to rural Devon's competitiveness as a sustainable and territorially embedded food/tourism provider. Enhanced social capital, especially of bridging and linking types, may play an important supplementary role in enhancing the functioning of these domains (see Figure 4).

The case of Devon also illustrates that passion and individual action is important for regional development, but also cannot be reduced to an individual feat alone: it takes more than a visionary individual to "get things done collectively." It is not only about creating links between the I and WE dimension, by aligning people around an agenda, but also about relating to the current institutions, the ITS/THEY- dimension: 'Successful initiatives involve synergistic interrelations between social capital and new institutional arrangements that provide a key lubricant to set the process in motion. It requires purposive will of collectivities, as well as effective institutional support, for individual acts to be woven into a web of RD actions like transition towns. New institutional arrangements may function to compensate for the (otherwise critical) lack of (especially bridging) social capital' (Kanemasu et al, 2008b).

Figure 4. The influence of social capital on competitiveness (based on Kanemasu et al, 2008, p.46).



Social capital and market governance: Tyrnävä in Finland (Vihinen et al, 2008)

Tyrnävä is a specialised agricultural area where farming shows high degrees of specialisation, intensity and scale and where other economic sectors are only weakly connected to agriculture. During the past years, Tyrnävä has faced quite strong population growth, more than 2 % per year. This exceptionally positive trend is largely due to the specific characteristic of North Ostrobothnia, namely a religious movement called Laestadianism.

A special feature of the region is the northern climate and proximity to the sea. The high-grade climate makes the regions very suitable for potato production; the region is one of the top seed potato regions in the world. So endogeneity is a crucial element of the Tyrnävä potato cluster.

Leadership plays an important role in this cluster. There are two important potato companies in the region. In the earlier days both enterprises were strongly dependent on their leaders' motivation, negotiation skills and activity to have customers but also to solve the controversies inside the network.

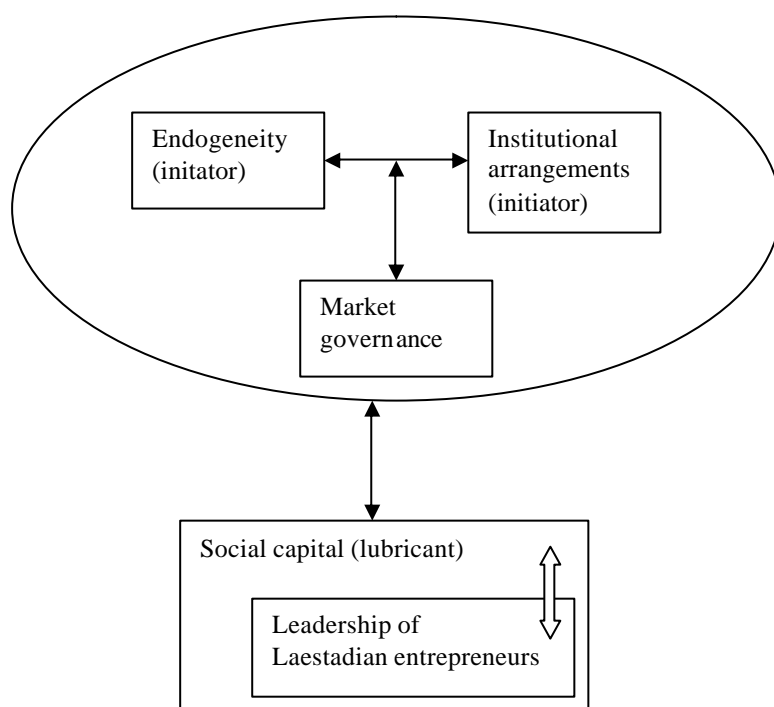
The Northern Seed Potato Ltd, which started as a network of farmers, forms the core of the cluster. There is a "common spirit" among the members how to develop the direction of the potato business. It is social capital that keeps the potato cluster going on and aims at further developments.

The Finnish seed potato production is based on high-level technological expertise. Northern Seed Potato Ltd. actively participates in research and development by closely co-operating with other enterprises as well as research and educational institutes, such as the Seed Potato Centre (see section 5 of this paper).

Religion plays an important role, both in social life in the villages, but also in regional development. Laestadian entrepreneurs usually support one another and there is

strong trust among these people and there is a strong social cohesion in the Laestadian community with its male dominated culture. Leastadians are prone to close non-laestadians out from their networks, but there is a certain distance to those residents of Tyrnävä who have not the same faith. Fig.5 shows how market governance is the main domain of rural development in this area, initiated by endogeneity and institutional arrangements, and lubricated by social capital functions.

Fig. 5 The role of social capital as lubricant in the potato cluster in Tyrnävä (based on Vihinen et al, 2008, p.46)



Social capital and novelty: Abava River Valley in the Kurzeme region in Latvia (Tisenknopfs and Lace, 2008)

This area is moving from a rather specialized agricultural area with traditions in fruit and grain production to a more segmented area. The Valley is rich in natural resources like landscape and biodiversity. The image associated with the Abava River Valley as the Little Switzerland of Kurzeme, and Sabile wine production traditions has had an important impact on the tourism development perspectives – the area is recognized as a good tourism destination.

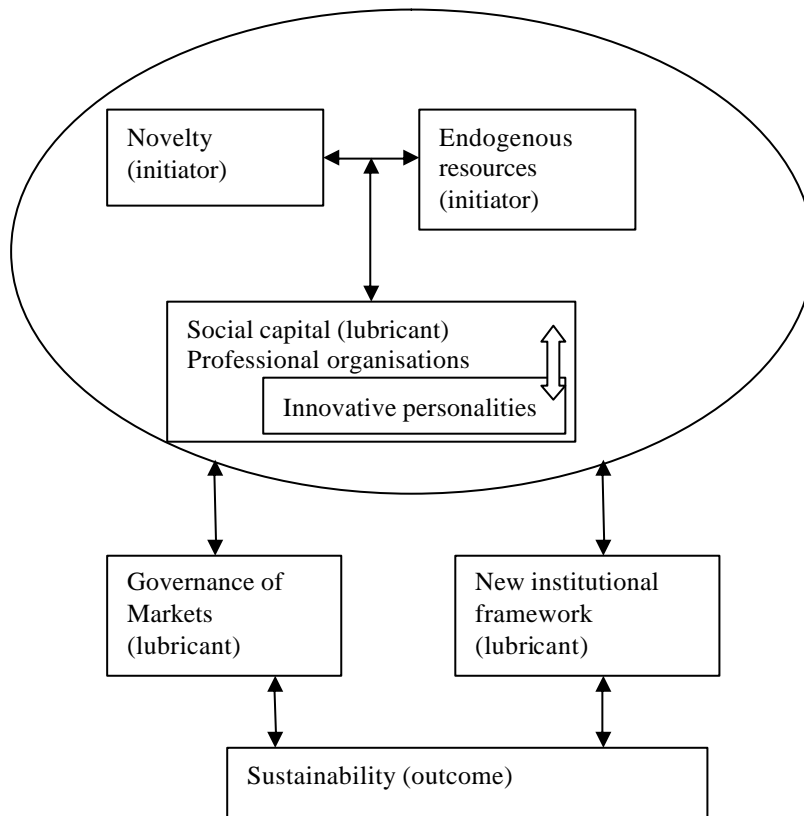
The growth of rural services sector is determined by increasing urban demands in the consuming countryside. The Abava River Valley has two small towns (Kandava and Sabile), but is mainly rural area with a diverse and attractive landscape and provision of a variety of services to the tourists. Urban middle class consumers are the main customers of the tourism services in the Valley.

The participation of entrepreneurs in the professional associations is important for learning and acquiring new knowledge (for example, Latvia Bath Association, Latvia Biological Farmers' Association). In Latvia the role of national governmental institutions in stimulating innovative rural services is quite weak. Innovation is rather generated by individual entrepreneurs, innovative personalities, and their informal networks. The human initiators of the change might typically be newcomers, local residents who diversify or regroup their activities, young people or unusual

personalities, such as Daina Kucere who has made a famous dolls yard – an open air exhibition of more than 250 dolls put for open exposition. This initiative has been called the novelty of the year 2007 in Sabile and exposition was showed on TV programmes in Latvia, Germany, Japan and other countries.

Competitiveness of the region is mainly produced in the interaction of social capital and governance of markets – the business network (or “cluster”) of new services based on the endogenous natural resources is able to attract and tourists on national and international level. The appreciation and application of the endogenous resources and making these via rural services (novelty production and governance of markets dimensions) more accessible for consumption, has contributed to landscape management and restoration of the image of Abava River Valley. The new institutional frameworks dimension of the web has also contributed to the competitiveness of the area (see figure 6).

Figure 6. Social capital as a lubricant for novelty production in Abava Valley (based on Tisenkopfs and Lace, 2008, p.30)



Social capital as initiator: High Tiber valley in Italy (Milone et al, 2008)

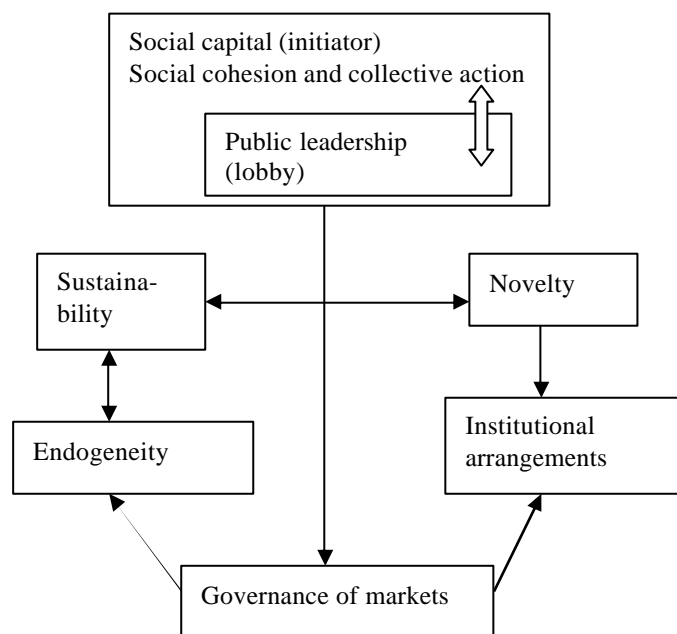
High Tiber Valley an area of High Natural Value North Umbria in Italy. The Valley has a high population density, an intensive agriculture and a developed industrial system deriving from the modernization and the evolution of typical craft activities as agriculture machines and equipments production artistic typography, and furniture. Driving force is the Tobacco industry. The environmental conditions favoured the development of organic agricultural practices in all the area.

The social capital is the focal point of the area: There is a strong social cohesion and feeling of belonging to the community, and a strong tradition in collective actions and active citizen participation to the construction of institutional, economic and political

framework shaping families private and enterprises environment. The most evident example was and still is the mobilisations of all the population, institution and political representative to strengthen the lobby to maintain the coupled aid for tobacco production. The main events of the negotiation between Italy and the UE Commission for the extension of the subsidies system until 2013 were organized and directed by the tobacco organizations and the political exponent of the valley. Public leadership played a role in this: The Major of Città di Castello, the biggest urban centre of the Valley is the head of a European lobby Association “The Tobacco Municipalities”. Social capital in this area contributes to rural development, facilitating new initiatives; the importance of reputation and the presence of relationships based on reciprocity were responsible for an easy start up or development of enterprises in several sectors.

There is an increasing number of seasonal workers in the Valley, coming from abroad, especially from North African Countries and Eastern European Countries. Social capital contributes to a full and rapid integration of this labour force. Figure 7 shows how social capital functions as an initiator of rural transition of the High Tiber Valley.

Figure 7. Social capital as initiator in High Tiber Valley in Italy (based on Milone et al, 2008)



Some conclusions based on the cases

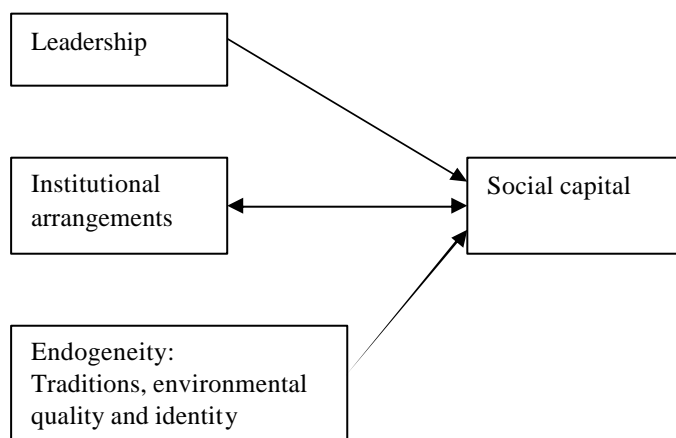
What are the underlying factors for the emergence of social capital besides the already mentioned role of individual leadership? (see fig.8).

First, social capital seems to be linked with *endogeneity*, in the form of traditions and environmental characteristics. In the potato cluster in Tyrnävä and the tobacco region of High Tiber Valley environmental conditions favoured entrepreneurial cooperation. In Laag Holland, Abava river Valley, Odenwald and Lunigiana, landscape quality and local identity have stimulated professional entrepreneurial organisations offering rural services to urban citizens and tourists. In Smiltene region social capital stems from the local participation traditions. The social capital in Smiltene novads is manifested in

active community life - cultural and sports as well as activities of local interest groups. There are around 15 active NGO's in Smiltene and an informal Entrepreneurs' club is active. Smiltene is unique in the level of activity of the population in sports. Similarly, the activity of cultural life and participation in performing collectives in Smiltene and the neighbouring rural communities is on a level untypical to a small town and rural communities.

Second, the Etude projects showed that the domains of *social capital and new institutional arrangements* tend to be closely intertwined. Institutional arrangements can strengthen social capital. However, the converse may equally be true in some cases: new institutional arrangements may function to compensate for the (otherwise critical) lack of (especially bridging) social capital. This has been noted earlier by Kanemasu et al (2008b) in the case of Devon Farms: the divergent interests and views of local actors, which may potentially hinder the successful implementation of collective RD actions, are reconciled by the institutional capacity of the cooperative to strike a happy medium, to stay focused on common concerns and to cultivate a degree of bridging social capital that did not exist previously. The socioeconomic disparity within the county implies that RD initiatives cannot always rely on existing social capital, which may partly explain why new institutional arrangements play a visibly active role in Devon's RD scene.

Fig.8 Factors which influence the emergence of social capital



5. Leadership in European regions

The previous section already showed how leadership is nested in social capital and the wider domains of rural development and can have a stimulating role in rural, regional development. We can make a distinction between: 1) entrepreneurial leadership 2) leadership in the civil society and 3) public leadership

Entrepreneurial leadership as driving force for regional development we witnessed for example in Tynävä where the Northern Seeds Company is the key actor in forming a successful potato cluster. The region has strong entrepreneurial spirit, in which the Laestadianism religious movement plays an important role. Laestadian entrepreneurs usually support one another, strongly based on trust, creating a lot of social capital, but can also close out and create distance towards non-believers. Other

examples of entrepreneurial leadership can be found in for example Laag Holland (food and health), Devon (tourism and agri-food) and in Abava River Valley (wine).

Leadership in civil society can be witnessed in Transitions Town Totnes in Devon where this notion was introduced by a capable leader, and successfully took root in the local community primarily due to the enthusiastic participation by a critical mass of individuals who came together under the common cause. This has led to effective mobilisation and renewal of bonding and bridging social capital of the local community.

Public leadership can be witnessed for example in High Tiber Valley in Italy where the mayor played a role in the mobilisation of population, institutions and political representatives to strengthen the lobby to maintain the coupled aid for tobacco production. Public leadership also plays a role in Finland in the form of strong local governance (see section 5).

Based on the cases, we can draw the conclusion that leadership is nested, in other words, is a segment of the social capital in the region. The case of Devon for example illustrates that passion and individual action is important for regional development, often as initiator, but also cannot be reduced to an individual feat alone: it takes more than a visionary individual to “get things done collectively”. So leadership can’t replace social capital. On the other hand, in situations where social capital is an initiator or lubricant, often leadership plays an important role.

Individual behaviour may have some ‘shadow-sides’, which is expressed in some other Etude cases. Here the I dimension prevents nesting in social capital. We see for example individualism in the Odenwald region. Cooperation means giving away part of the own profit (sharing). For that reason, social capital in the Odenwald is ambiguous: partly people tend to cooperation, partly they separate.

In Tynärvä the characteristics of the ‘stubborn self pride’ farmers has resulted in a lack of cooperation outside the potato cluster. In the isolated Lappish region of Kittila, people are used to do many things of their own, because of the long distances, which also hampers cooperation and the forming of social capital.

5. Policy arrangements in European regions

Policy arrangements often take the form of public-private cooperation. The competitiveness of regions seems to be stimulated by strong and successful interaction between private and public actors. This cooperation can be formal or informal. Formal cooperation can create more easy access to resources such as money or European programs. Informal cooperation however can create possibilities for creating room to manoeuvre and negotiating behind the scenes without having to take a formal position. We can distinguish three forms of public-private cooperation, based on the cases:

First, *institutional cooperation* between public and private actors. A good example is the Program Office in Laag Holland (see section 3). In Devon public-private partnerships facilitate institutional collaboration. A primary example is offered by Ruby Country Initiative, a partnership between Devon Renaissance, DCC, Devon

Wildlife Trust, Torridge District Council, West Devon Borough Council, Forestry Commission, North Devon Biosphere and others. This rural regeneration project was established for 45 parishes severely affected by Food and Mouth Disease with a variety of activities to renew their endogenous development potential, such as recreational trails, a business network, support for local entrepreneurs, promotion of local sourcing, and regional branding.

Second, public and private actors can work closely together with research institutions. Such a '*triple helix*' situation can create sense of urgency and a 'window of opportunity to launch new concepts for the region (Beckers, 2008). An example is the area of Tyrnävä in the region of Oulu (see section 3). A special government programme in this area aims at focusing regional resources and activities on development areas of key national importance. The potato cluster is a part of a triple helix policy. The model's key element is cooperation between the private sector, the research sector and the society/city of Oulu. In the region of Oulu, Bioforum Oulu gathers together biotech companies, universities and R&D organisations and stimulates their co-operation. Public actors have operated as consultants and operators in the Employment and Economic Development centre TEKES. One of the regional novelties is an agro-biotechnology project, combining potato enterprises, research institutions and the public sector to work together to enhance the prospect of potato production.

Third, long-term public-private cooperation can take shape in the form of a long-term *regime*. There are a large variety of regime definitions. The basic assumption in literature is that a regime is a configuration of political and societal coalitions and institutions, their discourse and practice which structure specific parts of society. According to the Urban Regime, a regime is based on the premises that 'capacity to act' very much depends on forms of co-production or co-evolution, which on the one hand bring together public and private resources, while on the other hand they distribute selective incentives (new jobs, new facilities, new sources of profit, administrative power, etc.) (Stone, 1993). Regime analysis then focuses on "the conditions under which effective long-term coalitions emerge in order to accomplish public purposes" (Stoker 1995: 55). Regime-power can influence regional agendas and stimulate as well as obstruct new bottom-up initiatives (Horlings, 2010b). A long term coalition of public-private actor with a clear agenda can be witnessed in the region of High Tiber Valley in Italy (see section 3), where strong cooperatives, collective action and civic participation are linked to institutional arrangements. There is a strong collaboration among the various municipalities and the economic players (a high majority supports a certain political party), which has lasted for over 50 years. Policy arrangements play an important role on different levels. There is also a strong social cohesion and feeling of belonging in the region and a strong tradition in collective action and active citizen participation to the construction of institutional, economic and political framework shaping families private and enterprises environment. Institutional capital is strictly linked to social capital. An example is the regional mobilisation to maintain the coupled European aid for tobacco production.

Public-private cooperation can be hindered by existing distances between people and organizations. In such a situation people are needed who can build linkages between organizations and function as 'boundary spanners'. Noble and Jones (2006) analyzed public-private partnerships, distinguished three *types of distances* that influence

cooperation: autonomy distance, cultural distance, and cautionary distance. Autonomy distance refers to reluctance to form a partnership and sacrifice the organizations' sense of autonomy as well as their own personal control. If a private or public actor wrongfully believes its organization already possesses the necessary resources or expertise to perform autonomously, this actor creates autonomy distance. Cultural distance is created when initiators search for partner organizations in a sector they are unknown to them or have pre-conceived notions about. This form of distance can be observed when different sectors cooperate but still use their own culture, language and logic. Cautionary distance finally originates from the risk of working with any new partner who is 'unproved' in terms of credibility, reliability, trustworthiness, competence and integrity. Especially governmental actors are often perceived by entrepreneurs as not being trustworthy partners.

Leadership then is 'dealing with these distances', recognizing that these distances exist and trying to build linkages to overcome these distances by contributing to linking, bonding and bridging capital.

In the 12 cases policy arrangements play a stimulating as well as constraining role towards social capital and new initiatives. Some success factors can be distinguished. The first factor is *strong local governance* and cooperation. An example is Kittila region in Finland. Finnish rural development policies are very strongly institutionalised. Power structures are much decentralised giving space for well-functioning bottom-up policy making. In this region the municipality has been very active and cooperative with key actors and played a positive role in land management. At the local level, municipal policies encouraged enterprises to start business, especially in the field of (mass) tourism.

An example of weak local governance is Lunigiana in Italy. Here 'localism' and 'municipalism' result in a lack of cooperation between local governments. Governance in Lunigiana also lacks coordination and structured coherence.

Another stimulating factor is the role of *European funding and programs*. In most cases European subsidies played a stimulating role, in the form of leader projects or EU Regional Development Funding. Especially the Finnish case study areas seem to be rather successful in attracting European funds for projects.

The most important stimulating factor is *Regional cooperation, coherence and coordination*. In many regions initiatives like associations or cooperatives play an important role. These initiatives are successful when embedded in policy-arrangements, without government taking over these initiatives. A good example is Devon where the Devon Rural Strategy (DRS) was established in the wake of the FMD crisis. At the end of 2001, the newly formed Devon Strategic Partnership decided that priority should be given to the development of a Rural Strategy. Accordingly, a Rural Task Group was formed in 2002 and developed the Devon Rural Strategy, which was launched in 2003 alongside the Devon Rural Network (DRN). DRN is a multi-agency forum that connects over 100 rural organisations and groups across rural sectors.

In some cases there is a lack of coherence on the regional level and coordination is somewhat fragmented. For example in Rivierenland in the Netherlands, the region covers two provincial administrations and no less than 14 municipalities, which created for example weakness in the governance of rural markets. A broadly socio-cultural identity is also lacking in this region.

On the other hand, when a shared '*story line*' for the region can be created, this can provide the bases for successful regional development. Regional coherence can take shape in the form of a rural development plan or a regional (branding) concept. The area Giessen in Germany for example developed a new integrated rural development concept, High Tiber Valley a rural development plan, Abava river valley has a Latvia Rural network and Laag Holland has a Regional Program (now coordinated by the province). Institutional arrangements, such as the overarching DRN in Devon can facilitate such a story line.

6. Conclusions and suggestions for research

In many European regions the managing capacity of traditional planning authorities is insufficient to deal with current regional challenges such as the dynamic interplay between agricultural development, urbanisation, recreational demands and climate change. To enable rural transition new networks and policy arrangements are needed. Social capital can play a role as initiator, lubricant and outcome in rural change.

We have conceptually framed the notions of social capital and leadership in this paper. Leadership in the context of regional development can be seen as shared leadership and takes shape along the axes of an individual-collective dimension, and an inner-outer dimension.

Leadership is nested in social capital. A distinction can be made in entrepreneurial leadership, public leadership and citizens leadership. Leadership helps to raise awareness, to mobilize people, to generate innovations, and to bridge and bond public and private actors. Leadership creates linkages along the I-WE dimensions, by aligning people around a certain agenda and forming coalitions. It also creates linkages between the WE-ITS/THEY dimensions in trying to connect these joint agendas and coalitions with the institutional context. Leaders bridge the distance between their own innovative network and the existing institutions and constantly switch between networks and related cultures, logics and languages. In this sense leaders can work as 'boundary spanners' in public-private cooperation and contribute to strong forms of public-private cooperation such as a triple helix situation or a regime.

Social capital is nested in the wider domains of endogeneity, sustainability, governance of markets, novelty and institutional arrangements as the cases showed. Social capital takes shape within society, the private or public sector or as public-private partnerships. Leadership plays a role in these social networks for example in the form of initiating change (Transition Towns in Devon), in creating changes for multi-functionality (Laag Holland) or in starting up new businesses (Abava River Valley).

Factors underlying the emergence of social capital are leadership, institutional arrangements and endogeneity. Endogeneity takes shape in the form of traditions, environmental production conditions, or landscape quality and identity.

Based on the cases we witnessed examples referring to an individualistic perspective on social capital, focusing on 'strong actors' as well as examples of the collective or 'holistic' approach focusing on 'weak actors'. The collective approach seems to be more appropriate on a lower than the regional scale, for example in the context of

transition towns, while the individualistic approach seem to be more relevant in the regional context, where skilful professionals and entrepreneurs play a leading role. However, more empirical research is needed to underpin this assumption.

Social capital in the form of public-private networks is embedded in three types of policy arrangements in the case study areas. First institutional cooperation, for example in Program Offices outside the governmental organisation, or informal partnerships. Second, in the form of a 'triple helix' situation, characterised by close cooperation between public authorities, private actors and research institutes, which enables innovation, for example in the region of Tyrnävä. Third, in the form of a regional regime, a stabilised and institutionalised long-lasting form of public-private cooperation organised around a regional agenda, for example in High Tiber Valley in Italy.

Policy arrangements can play a constraining role towards social capital but also function as a lubricant. In order to play this last role, we have distinguished the following conditions: a) strong local government b) the use of European funds and programs c) cooperation, cohesion and coordination on the regional scale (public-public as well as public-private). Factors such as 'localism' and lack of 'bridging' and 'bonding' social capital can seriously undermine regional cooperation. An underlying shared storyline can foster regional coherence.

The Etude cases showed that the domains of social capital and new institutional arrangements tend to be closely intertwined and can strengthen each other. Social capital can lead to new institutional arrangements. But new institutional arrangements may also function to compensate for the (otherwise critical) lack of (especially bridging) social capital.

Leadership is nested in the different forms of social capital and in the web domains. Leadership can trigger social capital and the domains of rural developments can function as vehicles for linking, bonding and bridging forms of social capital. Regional competitiveness and quality of life are enhanced in those situations where there is an effective interplay between leadership, social capital and policy arrangements. An (ideal typology) of three rural scenarios can be made, based on this interplay (see also table 5):

- 1) Leadership linked to market governance and novelty. Here leadership is nested in social capital in the form of business co-operatives, associations and other professional entrepreneurial organisations. In situations where embedded in policy arrangements such as a triple-helix situation or an entrepreneurial regime, this constellation can function as a driving force for rural transition. We see indications for this scenario in Tyrnävä region.
- 2) Leadership aimed at social capital and new institutional arrangements. Here leadership is nested in civil participation and local collective action. When combined with strong and coherent local governance, this can function as a driving force for rural development. We can see this scenario unfolding in e.g. Smiltene region in Latvia.
- 3) Leadership aimed at endogeneity and sustainability. Here leadership is nested in networks of public-private cooperation. When embedded in regional cooperation, institutional frameworks and an overarching 'story line', this can

function as motor for regional change. We see indications for the unfolding of this scenario in Laag Holland and Devon in the UK.

Table 5. Types of leadership, nested in social capital and policy arrangements

Leadership domain	Social capital	Policy arrangements
Market governance and novelty	Co-operatives, business associations	Triple helix, entrepreneurial regime
Social capital and institutional arrangements	Civil participation and local action	Strong and coherent local governance
Endogeneity and sustainability	Public-private cooperation	Regional cooperation and (informal) institutional frameworks

The following suggestions for further research can be made. The model of leadership can provide a useful framework for analyzing the role of leaders of change in regional development. More empirical work still has to be done in order to assess the quality of leadership in different situations and fully grasp the relations between the I, WE, IT, and ITS/THEY dimension.

This requires more insight in the relation between for example the inner, individual dimension and sustainability. Especially the role of individuals in sustainable regional development studies is still neglected (Sotarauta, 2005). Discussions about sustainability mostly refer to technical and economical solutions. We can define this as the ‘outer dimension’ of sustainability. What manifest itself on the outside, however, reflects personal motivations on the one hand and political choices based on a worldview on the other. This ‘inner dimension’ of sustainability (Van Lippe-Biesterveld, 2008) is a source of doubt and insecurity, just because personal motivations and political choices not always align. This dimension can play an important role in regional processes especially in informal networks and discussions ‘behind the scenes’. We therefore suggest more research on the I dimension of sustainable regional development, focusing on passion, motivations and driving forces of leaders of change.

The ITS/THEY dimension is another interesting field of research. Rural regions are a part of the global countryside. Regional transformation results from the interplay of global and local forces. An effective sustainable response of regions towards global influences is contextual determined and dependent on factors such as local and regional assets, the networks, institutions and regime-power and how leadership can be provided. The interrelations between leaders and the regional context, and the strategies they follow to create capacity to act, is an interesting subject for comparative research in regions with different institutional contexts across the world.

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