

## 4. The impotent governance: a theory of Local Action Groups' failure

*Angelo Salento*

### 1. Introduction

The importance of Local Action Groups (LAGs) and of their organizational and operational dynamics as subjects for research undoubtedly transcends the status generally attributed to these bodies in public debate. In reality, they have remained in the background as institutional actors.

If Local Action Groups have taken a back seat hitherto as institutional actors, an analysis of their experience provides valuable material on which to make assessments, for at least two reasons:

a. firstly, in the history of LAGs — as concerning the way they have interpreted the promotion of rural development — it is possible to discern the dynamics (as well as the problems) of the relationship between sectoral actions and essentially territorial actions; in other words between actions conducted in the interests of agricultural development and actions classifiable under the heading of rural development. This is one of the issues most widely discussed by interdisciplinary literature, relating to rural development;

b. secondly, and more especially, the analysis of LAGs and their history sheds light on the perspectives and limits associated with the new modes of overseeing social processes referred to generally as governance: activities that in point of fact have found one of their most profitable areas of experimentation in the sphere of rural development policies.

A sizeable body of literature has been generated on the question of governance over local and rural development. Most of this material is

“regulatory” in character: it establishes, so to speak, a doctrine of governance that tends to formulate the concept of the mechanism under the pretence of describing it. Some of this research material — probably the smaller part, but nonetheless a very important one — gives a picture of governance processes that differs, sometimes not inconsiderably, from what might be regarded as the mainstream notion of governance. Every time one looks, not at the abstract potentialities of governance processes, but at their actual performance, there emerges a disparity between objectives and outcomes.

If interest in the governance of development processes does not decline — but tends rather to persist despite numerous indications of failure — this is due probably to the attitude described by Bob Jessop (2006) as “public romantic irony”, a kind of wishful thinking that persuades actors to carry on as if success were possible, even while being forced to acknowledge the probabilities that the attempt at governance would ultimately fail.

We feel that this is the right spirit in which to approach a study of Local Action Groups: to construct a realistic and detached assessment, although on the philosophically and politically constructive supposition that through an analysis of the limits presented by the tools of governance, one can find the power to overcome them.

In this paper we will endeavour, on the theoretical plane, to construct a reference grid for the analysis of experiences in the governance of rural development (an empirical analysis using this same grid is presented, in this publication, by Angelo Belliggiano).

In the next section, following a brief look at the history of the LAG as an instrument of governance, we identify certain theoretical indicators useful in defining the “ideal” placement of the LAG in a perspective of governance applied to rural development. In section 3, we suggest a theoretical grid for the analysis of failure — or failures — discernible in the experience of LAGs when their actual performance is compared with the objectives officially assigned to them.

## 2. Elements for a theory on Local Action Groups

The history of LAGs is connected by two strands with changes in European agricultural policies. It was at the end of the 1980s that the European Commission decided on a gradual move away from existing agricultural policy based on a “top down” approach, driven by projects and sectors, in favour — at least nominally — of a “bottom up” approach, definable as endogenous and integrated. With the *Future of Rural Society* (1988), then later, the *Cork Declaration* (1996) and the working document *Rural Developments* (1997), attention turned progressively toward the territorial dimension and the adoption of an approach focusing on the promotion of an endogenous, sustainable and participatory form of development.

The general view in existing literature (Sotte, 2006) is that the second half of the 20<sup>th</sup> century witnessed an evolutionary transition from a model of “agrarian rurality” to a model of “industrial rurality”, and ultimately to a model (incomplete, or indeed incipient, as yet) of “post-industrial rurality”. The third model would emerge, from the 1990s onward, following a change in the “social mandate” of rural areas, which were required — not least on the basis of the possibilities inherent in physical and virtual movement afforded by new transport and communications technologies — to provide a setting for residential settlements as well as for leisure activities, characterized by the demand for intangible assets such as sustainability, quality of life, typicality, authenticity, originality, peculiarity; in short, by the bond with rural territory. This confirmed the idea of a multifunctional role for agriculture (Basile and Cecchi, 2001), likewise the ideas of a short value chain and the offer of intangible utilities.

The notion of rural development understood as a product of “territorial rebalancing” was replaced gradually by the perspective of endogenous development, based on the creation of value prompted and managed by local actors. On the policy level, this perspective prefigures the shift from sectoral actions to promotion of the territory. And in response to this demand for diversity and difference, one has the search for a new way of

distributing responsibilities, hence a reorganization of the dynamics of governance and decision-making as regards the choice of strategies for planning and investment, or in practice, valorization.

This process of transformation — definable in essence as the transition to a “post-industrial”, or more accurately, a “post-productivist” model of rurality (Marsden et al, 1993; Ploeg and Renting, 2000) — cannot be interpreted simply, as is often the case, in terms of a “natural” outcome produced by evolutionary changes in the ideas and practices of development. It is not simply the fruit of a process whereby previous approaches found to be unsatisfactory are “superseded”. Conversely, it is a transformation that responds seemingly to a threefold set of requirements and interests.

Firstly, it represents a picture of “post-materialist” needs (Inglehart, 1977) formulated first by the “aesthetic criticism” (Boltanski and Chiapello, 1999) of capitalist modernization, and thereafter through the spread of an environmentalist culture and awareness.

Secondly, it configures as a process of readjustment in the area of capitalist exploitation strategies, the tendency of which is to shift the centre point of profit generation from the inside to the outside of the enterprise, placing value on the actual objects of that renewed picture of needs. With the decline in the strictly industrial dimension of enterprises, it is the territory that is now being interpreted — as acknowledged by business economists — in terms of “a deposit of vitality for enterprise”<sup>10</sup>. If the search for positive externalities — based on the local development approach — is the key to the success of enterprises with their roots in the territorial dimension, then so-called promotion of the territory appears to be the extreme consequence of this search.

Thirdly, but no less importantly, it reflects the trend toward a construction of Europe as a space for competition between territories: it is the social actors who operate in the (rural) milieu who must keep themselves in a state of continual mobilization with a view to self-maintenance of their economic well-being; and it is each territory that

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<sup>10</sup> Number 90/2013 of the journal “Sinergie” is dedicated to this topic.

must identify and maximize the value of its “own” resources in a scenario of global competition.

Against this backdrop, one can discern the genesis of the institutes of governance applied to rural development: a genesis straddling the stage of “industrial rurality” and that of “post-productivist rurality”.

From the early 1990s, the European Leader Approach provided the centre of gravity for the experimentation of a new approach to the governance of relations between social processes and institutional system: an experimentation, that is to say, of devices able in abstract terms to generate a “possible coming together of institutional policies and social practices” (Magnaghi, 2000, p. 114). Local Action Groups — entrusted with the management of this Community Approach at territorial (sub-provincial) level — were intended to be a linch pin for governance processes radically renewed from the standpoint of bottom-up development pathways, on the assumption that there was no existing standard development model, applicable to any given rural situation.

Like the LAGs, the Local Action Plans (LAPs) — i.e. the planning tools drawn up by the action groups (and vetted at Community level) in defining the development programme to be implemented — respond principally to requirements for integration and intersectorality. The essential characteristic of these tools is that they bring together local actors with the end in view of pursuing a common goal, namely to maximize value for the benefit of the rural territory they represent.

Naturally, to the same extent that cases can be made in general for doctrines and approaches of local development, the notion of rural development does not in any sense offer a radical alternative to the imperatives inherent in capitalist exploitation of resources. Rather, it expresses a conception of development as competition on a global scale, a continuous process of “competing with everyone from everywhere for everything” (Sirkin et al, 2008). In other words, this not a change in the basic rules of the free market game, but a transformation of the ways that competition is viewed and enacted: the idea of rural development begins with the premise that competition cannot be played out on the basis of an absolute, univocal and predetermined rationality, i.e. assuming there is

“one best way” for development. In reality, the broadest possible cognitive awareness must be encouraged, to promote constant learning of new resources and new modes of valorization. Consequently, the interdependencies between non-business social actors, business actors and institutional actors must not be managed by way of tools, such as hierarchy, that reduce their complexity, but employing devices that allow this same complexity to be interpreted as a resource.

An enormous body of literature on governance has highlighted several different, and not necessarily alternative aspects. At all events, it seems hard to dispute that governance should be considered a “post-modern” (and probably post-democratic) method of controlling the economy, which calls on local structures to perform tasks of “lubricating” business dynamics in a scenario characterized by the reduction of direct action in the economy on the part of the State (Jessop, 2006).

Leaving aside the political and economic principles on which the tools of governance are based, our purpose here will be to understand the operating logic of these tools when applied to rural development, drawing a comparison between their “reference models” and the ways in which they meet typically with total or partial failure.

The dynamics and failures of governance devices are best understood, in our estimation, through concepts and topicalizations offered by the domain of organizational theory and sociology. The reconstruction of modalities typifying the failure of governance will be looked at in the next section; here we consider the elements that are attributed “positively” to the tools of governance. Beyond all the possible definitions of governance — a term at once signifying “theoretical concept, political paradigm, and regulatory requirement” (ibid. p. 190) — we can reasonably affirm that:

- 1) to define the mechanism of coordinating the interdependencies that governance expresses, or presumes to express, reference can be made to the concept of *heterarchy*;

- 2) the organizational model that best expresses the forms of coordination applicable to the mutual interdependencies that governance enables, or presumes to enable, is that of the *network*. Accordingly, we feel

that a theory of LAGs should focus primarily on these two fundamental aspects.

1. *Heterarchy*. The clear expression of a regulatory approach founded on governance, Local Action Groups are based in principle on an interaction of heterarchical nature, or, on reflexive self-organization. This is a model for the coordination of interdependencies (Stark, 2009) which, likewise in principle, differs distinctly both from market-related coordination, and from government-related coordination. Whereas these two mechanisms are based on exercising a certain type of rationality (economic rationality in the former instance, political in the latter), heterarchical coordination assumes that the field will be open to bearers of different rationalities and demands which, whether under a market regime or a government regime, would appear to be incompatible and incommensurable.

Heterarchy, in short, represents a form of control over complexity that is based on rejecting any unilateral reduction of complexity: a method of coordination that leverages the possibility of continuous learning and consequently trusts in the willingness of actors to exercise reflexivity.

Self-evidently, this is a principle of regulation definable as procedural in nature, abstractly qualified to build a negotiated consensus for concerted action, with the involvement of actors bringing different perspectives.

It is precisely on the basis of these suppositions that the institution of LAGs was intended initially to come about. In effect, the process presents itself as the institutionalization of negotiations, or the dynamics of learning and of mediation, designed to generate consensus around acquisitions pooled in common or indeed developed in common. In this light, clearly, LAGs provide a tool with the capacity to identify the optimum level of governance for local development, and to do so flexibly, since they can be “modelled” to complement each specific territorial configuration. On paper, then, LAGs would appear to be highly effective in overcoming the constraints imposed by political and administrative systems. In addition, and likewise in principle, LAGs would be able both to leverage private sector resources, and to integrate territorial strategies with sectoral strategies.



2. *Network*. As observed by Stark (2009), there are, at one and the same time, two fundamental aspects to heterarchical organization: the first concerns a substantive and procedural principle — referred to above — namely the absence of a system whereby standards of evaluation are ordered hierarchically. The second concerns a principle of strictly organizational character: the “natural” form of organization for heterarchy is that of the network.

In the last twenty years, sociological literature has reflected a growing awareness that there are mechanisms of coordination other than the market-driven model, and other than the hierarchical, vertical model. Powell (1990) was, and continues to be, an essential work of reference from this standpoint. In the years since, it has been argued with increasing clarity that “tertiary” approaches to coordination are not simply hybrid forms of the first two — which tends to be the argument of economic neo-institutionalism (Williamson, 1985) — but rather, forms of networked coordination that are patently different both from market-driven relationships, given their “occasional” nature, and from hierarchical relationships, in which there is necessarily a legitimate authority at work (Podolny and Page, 1998).

Even if studies on local development have given plenty of space to notions formulated “at the boundaries” between economic theory and sociological analysis — first and foremost that of social capital (with reference in particular to rural development: see Pagan, 2009) — the organizational dimension has long “...all things considered, been little understood by commentators on local development” (Pichierri, 2002).

Recently, there have been various attempts at organic reconstruction of the possible uses for concepts of organizational sociology in the analysis of development processes. In a paper by Piras and Salivotti (2012), for example, the concept of networking — as explored in organizational sociology — is discussed in the study of governance applied to development.

From the standpoint of abstraction, at least, the configuration of LAGs is correlated to an idea of networked coordination, in other words to the creation and management of symmetrical, not hierarchical relationships.



From a “de facto” status — a network of knowledge, skills, bodies and levels of decision-making that operates, at all events, in the dynamics of socio-economic change — one has a transition, in essence, to a “de jure” status, and the institutionalization of networked coordination.

### 3. Elements for a theory on the failure of Local Action Groups

If, as intimated, the last twenty years have seen the emergence and refinement of the idea that there are forms of governance over interdependencies qualifying as *neither market-related nor hierarchical*, the most recent decade of sociological literature has also raised awareness that the dynamics of governance and the networked organizational systems to which they relate, far from being conceived as the solution to failures of the State and of the market, are themselves subject to frequent and manifest failures.

As Bob Jessop warns, “the growing attractiveness of such governance mechanisms should not lead us to overlook the risks involved in substituting it for exchange and command and to ignore the likelihood of governance failure. [...] For it is not just markets and imperative coordination that fail; governance is also prone to failure, albeit for different reasons, in different ways, and with different effects” (Jessop, 2006, pp. 198-199).

In effect, there are countless reports and analyses in literature of cases where forms of networked, and primarily heterarchical coordination, have failed either totally or in part. A paper by Andrew Schrank and Josh Whitford (2011) suggests the idea of constructing what might be termed a “general theory” for the failure of networks, such as would explain the reasons why networks perish (or fail to materialize), and in other cases, why networks continue to be kept in place despite their poor performance. The taxonomy of failures proposed by the two U.S. sociologists distinguishes between absolute failures and relative failures (*ibid.* p. 153). The former are occasioned by (i) the collapse of already existing relationships, definable as dissolution of the network, or (ii) potentially

productive or profitable networks failing to materialize, which are definable as being stillborn. In the case of relative failures, the authors distinguish between (iii) involution of the network, where permanent failure is caused by lack of competencies, and (iv) contested collaboration, resulting from excessive opportunism.

Whilst the cases cited by Schrank and Whitford are many and varied — and perhaps fully appropriate in explaining the fortunes of networks populated by private sector actors, operating in an organizational milieu seen as the sphere of competition between businesses — they appear nonetheless to ignore other impediments to the performance of networks, produced when the nature of the actors involved, and therefore the nature of the negotiations, is wider in scope. The governance of development processes has connotations, at least in principle, decidedly more complex than those of the network configurations scrutinized by Schrank and Whitford.

Other studies, such as that of Jessop (2006), offer additional scope for analysis precisely because they relate expressly to processes of governance in which business actors are involved together with non-business social actors and political/institutional actors. According to Jessop, there are at least four large categories of problems that can prove to be insurmountable even for a well-designed governance structure:

1. First and foremost, governance is impotent in the face of radically complex administrative needs. In other words, the Lancaster University sociologist suggests that too much is expected of governance; and that governance is accused of inadequacies which, in reality, reflect the weight of contradictions that governance can never resolve.

2. Secondly, there may be problems connected with the possibility of actual learning, when faced with elements that are especially subject to change, or placed within an overly turbulent environment.

3. Thirdly, there may be problems related to representation. Those who are involved in processes of communication and negotiation — the very substance of governance — are not stakeholders with a direct interest in the actions and decisions undertaken, but simply representatives.

Consequently, deficiencies of representation become deficiencies of governance.

4. Finally, there is an area of problems connected with formation of the subjects of governance and the subjective conditions of coordination. This highlights the “struggle to define positions of dominance or hegemony within specific spheres of politics or of governance, as well as wider social formations” (ibid. p. 201).

Taken overall, the broad categorizations of Schrank and Whitford, and in particular those suggested by Jessop, appear to provide sufficient data for what could qualify as a “theory of governance failure”. They afford a picture of potential problem areas in which it is possible to place the majority of critical elements that have been identified in literature, over time, with reference specifically to the governance of rural development. Among these, mention can be made, for example, of problems relating to conditions dictated by the “context” in which processes of governance are required to operate (and, *in abstracto*, expected to influence); also to the “internal” dynamics of the circuit of governance.

With regard to context, points of interest are:

- a. the conflicting relationship between sectoral policies and rural development policies;
- b. more generally, a limited awareness as to the nature of what meets the definition ‘rural’ and ‘rurality’ (see Sivini, 2003, pp. 35-39), hence the persistence of serious doubts concerning who may or may not be the actors in transformation processes;
- c. the asymmetry between places in which the “determining factors” of change are located, and the places where governance is exercised;
- d. a lack of decision-making competencies in governance structures, which on occasion find themselves restricted to the task of merely managing action plans that have already been delineated for the most part. The “bottleneck” of competencies has the effect of helping to ensure that new forms of mixed public-private sector organization tend to operate as tools for gaining access to EU funding for community programmes, without managing to put forward any appreciably innovative planning ideas.

As concerning causes of failure originating from within the structure of governance, one can look at:

- e. the emergence, or persistence, of self-promotional attitudes that lead to significant asymmetries in the make-up of the network (Timpano, 2005), ensuring the prominent involvement of actors most strongly associated with local power bases (Murdoch, 2000);
- f. the convergence of parties on decisions that do not meet criteria of efficiency and effectiveness, but tend to satisfy a lowest common denominator of actors' demands, thereby allowing consensus to gel (Piras and Salivotti, 2012);
- g. an insufficient level of participation in decision-making processes. In the EU White Paper on governance, participation is a key word, if not the vital concept. And yet, the poor level of actual participation is an extremely widespread reality.

The article by Angelo Belliggiano reconstructs a number of critical profiles reflecting the experience of one of the LAGs operating in the Apulia region. What emerges from the research is a collection of problems that vary in nature, but can probably be better understood when applying the theoretical framework delineated in the foregoing pages.