



The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

No endorsement of AgEcon Search or its fundraising activities by the author(s) of the following work or their employer(s) is intended or implied.

Introduction

KATONÁNÉ KOVÁCS Judit*, Francisco NAVARRO** and Marilena LABIANCA***

Human and social capital in rural areas

* Debreceni Egyetem, 4032 Debrecen, Böszörményi út 138. Hungary. Corresponding author: katonaj@agr.unideb.hu

** Universidad de Granada, Granada, Spain

*** Università del Salento, Lecce, Italy

This thematic issue of *Studies in Agricultural Economics* is composed of papers that examine human and social capital in rural development. The idea behind this choice of topic is to get a picture of the kind of research currently being undertaken in this field, how this research covers the important issue of rural development, in a world where there is “a shift toward a service orientated and knowledge-based economy based on individuals creativity in using accessible information to benefit and create values for themselves and others” (Salenbacher, 2015, p46), where there are “changes brought by technology, connectivity” (ibid. p.44), and an added challenge: climate change. Luthans *et al.* (2004) also underline that “The rising recognition of human resources as a competitive advantage in today’s global economy, human capital and, more recently, social capital are being touted in both theory, research, and practice” (p.45).

There are many different definitions of human and social capitals, concepts that are sometimes hard to measure but essential to success. Human capital is most often described by indicators such as age, gender, education and health, but there are other factors such as experience, different skills, knowledge and ideas which determine this capital. According to the World Economic Forum (2016), the top ten skills needed in 2020 will be: complex problem solving, critical thinking, creativity, people management, coordinating with others, emotional intelligence, judgement and decision making, service orientation, negotiation and cognitive flexibility. Social capital is defined as three strongly connected elements: trust, keeping norms and social relations built on transparency.

Why put human and social capitals in the focus of rural development?

According to the ‘Development Capitals’ approach, to reverse a process of socio-economic decline in a territory it is necessary firstly to strengthen the capacities of its inhabitants (human capital), and secondly to foster participation, collaboration and the organisation of citizenship according to their legitimate interests and priorities (Carnegie, 2009; Garcia *et al.*, 2015).

The value and the role of human and social capital in development are similar at different levels: they are of similar importance at individual, organisational, regional or higher levels. The more the potentials of these capitals are used, the higher the level of development that can be reached. The experience from the strategic management of

companies can be true for rural regions as well. “In the new economy, where value is increasingly derived from intangible sources, measurement has become more challenging it does seem consistent with the resource-based theory of the firm that human capital can provide a company with an asset that is valuable, rare, and difficult to replicate – and therefore a source of sustained competitive advantage” Luthans *et al.* (2004, p.46).

Scharmer and Kaufer (2013) define three ‘divides’ of the twenty-first century: what they call the ecological divide, the social divide and the spiritual-cultural divide. While the ecological divide is based on a disconnect between *self* and *nature*, the social divide on a disconnect between *self* and *other*, the spiritual-cultural divide reflects a disconnect between *self* and *Self*; this latter represents the growing gap between our actions and who we really are. Agreeing with Scharmer and Kaufer (2013, p.19), “we cannot transform the behaviour of systems unless we transform the quality of attention that people apply to their actions within those systems, both individually and collectively”.

“It is probably no exaggeration but said reality that the very survival of many species, ecosystems and perhaps the human race itself hinges on our ability to move to higher forms of consciousness, and from there collaborate in new ways to heal our relationship with the world and the damage we have caused. ... every time humanity has shifted to a new stage, it has invented a new way to collaborate, a new organisational model” (Laloux 2014, p.5). For example, organisations have evolved from having one single strong leader, to stable hierarchies, to then introduce meritocracy, values-driven culture and finally embracing self-organisation. One important concept is that no stage is better than another as every stage includes valuable ideas. Each stage is differently suited to different contexts, and also depends on the individuals within the organisation. However, the later stages have better capabilities to deal with increasing complexity or connectedness. Andersson and Nordenson (2015) call the fifth and final stage ‘Evolutionary’, which is emerging as people look for a more powerful, more soulful and more meaningful way of working together.

This organisational change at the micro level is also visible at the macro level. The quadruple helix model (Bótáné Horváth *et al.*, 2015) and also social innovation (Bock, 2012) – both topics that are addressed in this thematic issue – can be examples for macro level change. These could give the answer to the problem defined by Block (2008, p.2): “One aspect of our fragmentation is the gap between sectors ... Our communities are separated into silos; they are a collection of institutions and programmes operating near one another but

not overlapping or touching. This is important to understand because it is this dividedness that makes it so difficult to create a more positive or alternative future.”

How to address human and social capital in rural development?

In recent years, for the European territories, public policies governing agriculture have become more complex. At the local level, it is possible to observe different responses, generating a greater demand for participation, autonomy for collective groups and a gradual shift of responsibility away from the central authorities. On the other hand, urban and regional development studies have often focused their attention on urban centres, considered as the ‘driving forces’ to promote innovation and growth, while the surrounding rural areas play a passive and residual role. For this reason, both in the scientific debate and within the framework of public policies, rural and urban areas, and their complex flows and relationships, are rarely considered in an integrated and holistic way (Ward and Brown, 2009).

But at the same time rural areas have been undergoing profound changes. The transformation of their economies requires a review of sectoral policies that are becoming inadequate and ineffective in responding to the emerging needs (Ward and Brown, 2009), but also to overcome the limits of community governance (Murdoch and Abram, 1998), particularly of the most marginal and peripheral territories. In the ‘new rural paradigm’, the ‘Rural Renaissance’, the goals do not focus exclusively on agriculture but, following a territorial approach, involve different sectors (the tourism sector, information, communication technologies, and industry) and actors. Local specificities are seen to bring significant competitive advantages, but they require major innovations in terms of multi-level governance (Ward and Brown, 2009).

Innovation plays a key role in rural development and this has been explicitly recognised both in the last (2007–2013) and in the current (2014–2020) European Union (EU) programming cycles. Recent studies on innovation have emphasised that many innovations take place in the absence of scientific knowledge, they have recognised the role of a variety of different actors, thus attaching more importance to other forms of knowledge, including tacit knowledge, and social capital (Dargan and Schucksmith, 2008).

The focus shifts from the technical process to the territorial context which is no longer considered a passive holder, but an ‘active actor’ that must be analysed and supported with appropriate, tailored policies. In the latter case, the territorial context plays a central role, it must be analysed in its diversity and originality. This significant shift has taken an important meaning for rural areas.

In fact, considering innovation in rural development, there is important literature dealing with the theme (e.g. Murdoch, 2000; Dwyer *et al.*, 2007; Dargan and Schucksmith, 2008; Ward and Brown, 2009; Neumeier, 2012). Recent studies increasingly recognise the importance of the role played by a great variety of actors, by forms of uncoded knowledge and more generally by social capital in pro-

cesses of innovation. In fact, signs of the new orientations are also found in the literature about rural development that interprets innovation as a process of co-evolutionary learning in a network of actors (Shucksmith, 2000; Dargan and Shucksmith, 2008). Considering the positive interpretation, social capital represents a resource for individual and collective action. However, like other forms of capital, also social capital, under certain circumstances and contexts, can be detrimental or even lose its effectiveness. Owing to the dynamic and variable nature of social capital, not only in-depth analysis of the relationships between agents is required, but also the objectives and the contexts in which they operate (Piselli, 2001; Naughton, 2014).

Several papers in this thematic issue show that the EU’s LEADER programme is a framework which recognises the importance of human and social resources in rural development. In Europe, in the last twenty years territorial rural development has been mainly implemented through the LEADER programme and other programmes with the same approach. Bottom-up endogenous development practiced through local and public-private partnerships working as Local Action Groups, community empowerment and local decision-making, and finally, local and social networks of innovation have been the main principles and contributions of such programmes.

In this scenario, the LEADER approach can be considered a paradigm shift, being oriented to the social and cultural construction of the territories’ institutional capacities. As emerged in the ‘CORASON’ project that analysed several European cases, it is possible to note a fairly disappointing picture with respect to the interpretation of innovation on the part of local actors involved in the LEADER projects. Among the evidence, it emerges that innovation is often not a goal or a concept that is recognised by local actors, precisely because of the way in which the term is used in the dominant discourses of national policy. In fact, it is understood in terms that usually refer to the use of science and technology. Also, when innovation has been used it is considered as an ‘imported’ and ‘imposed’ concept, often following the financing rules laid down by the EU for the LEADER programme, and therefore had to be negotiated. But, there were cases where the concept of innovation was re-elaborated and ‘digested’ locally, in terms of social and cultural innovation, then significant results consistent with the goals of the LAGs were produced (Dargan and Schucksmith, 2008).

The LEADER approach has been defined as a ‘process of a fundamentally social nature’ (European Observatory LEADER, 1997), a ‘rural development laboratory’ for innovation (Ray, 2000; Dargan and Schucksmith, 2008). The LEADER approach and its implementation are based on partnership building and in general on social capital (Shucksmith, 2000). This has led to shift from predominantly agricultural sector policies to a multi-sectoral approach and place-based rural development. Then, innovation assumes with LEADER a wider meaning; in fact, it focuses less on short-term economic results than on the economic construction, social, cultural and institutional capacities of the territories as a basis for sustainable rural development (Dargan and Schucksmith, 2008).

In the LEADER experience, innovation is seen in social and cultural, rather than technological, terms, although the

rhetoric of national politics often appeals to the latter (Dargan and Shucksmith, 2008; Neumeier, 2012) and the networks of actors actually created locally prove to be the result of a reductive interpretation of the meaning and value assigned to them by the theory (Dax *et al.*, 2013; De Rubertis, 2013; De Rubertis *et al.*, 2014; Belliggiano and Salento, 2014; Navarro *et al.*, 2016). In short, despite the fact that social innovation (of the context) appears to be one of the factors in successful rural development, the dominant practice has underrated it. It is still not adequately supported in development programmes, its creation is still not well promoted by local, regional and national funding (Neumeier, 2012) and it is considered in a superficial way especially at the local scale. At the same time, the main challenges and efforts in social capital have to be focused on equity and social justice, particularly increasing the participation of those disadvantage collectives, such as young people, women or socioeconomic groups at risk of exclusion.

In addition, the literature dealing with the impact of LEADER in rural areas is rather limited and focuses especially on single areas, revealing their difficulties but also their potentialities.

We can therefore say that there are few comparative studies among the different European countries which start from a detailed analysis from within the territorial contexts. For this reason, several papers in this thematic issue investigate different European cases in the 2007-2013 programming cycle. The presence of various cases from different regions of Europe not only allows the reader to have a fuller picture of the situation but also to make comparisons. It is particularly applicative, each paper is characterised by a detailed analysis of the context, in many cases by starting from the empirical evidence. The goal is not only to share experiences and methods of research but also to draw lessons for the current EU programming cycle.

Our conclusion on the question is that development of human and social capital in rural regions must continue to be an important issue in the future. There are different ways to develop these forms of capital, the most common of which is the LEADER programme. Thus, the success of LEADER depends on the capacities of local actors to build local governance, social learning, culture of dialogue and trust, a real participation of all the social collectives of the rural area – not only social and economic lobbies – and even the practice and orientation of the top-down approach, implemented mainly by the regional administration.

Although we agree on the importance of LEADER, as presented in this thematic issue, it should be remembered that there are other ways of achieving development already in existence (Table 1), and that these originate in different sectors, such as the academic, civil and business sectors.

Table 1. Possibilities for development with the main initiators behind them.

Possibility	Main initiating sector			
	Government	Academic	Business	Civil
LEADER	✓			
Participatory Action Research (PAR)		✓		
Social Innovation	✓	✓	✓	✓

Source: own composition

References

- Andersson, M. and Nordenson, M. (2015): Exploring the latest paradigm shift in organizational consciousness development, by using the framework from Reinventing Organizations - A qualitative case study at Kvadrat. Master Thesis, Technology Management - Nr 291/2015. Lund, Sweden: Lunds universitet.
- Belliggiano, A. and Salento, A. (2014): L'improbabile eterarchia dei Gruppi di azione locale. Una ricerca sul Gal pugliese «Terra dei Messapi» [The improbable heterarchy of Local action groups. A study of the Apulian LAG «Terra dei Messapi»], in R. D'Amico and S. De Rubertis (eds), *Istituzioni per lo sviluppo tra Comune e Regione. Unione Europea e prove di ente intermedio in Italia*. Rubbettino: Soveria Mannelli, 89-109.
- Block, P. (2008): *Community. The Structure of Belonging*. San Francisco CA: Berrett-Koehler Publishers.
- Bock, B.B. (2012): Social innovation and sustainability; how to disentangle the buzzword and its application in the field of agriculture and rural development. *Studies in Agricultural Economics* **114** (2), 57-63. <http://dx.doi.org/10.7896/j.1209>
- Bótáné Horváth, N., Katonáné Kovács, J. and Szóke, Sz. (2015): Building an entrepreneurial environment in rural regions: a possible way to develop human and social capital. *Studies in Agricultural Economics* **117** (1), 20-26. <http://dx.doi.org/10.7896/j.1428>
- Carnegie (2009): *A Manifesto for Rural Communities: Inspiring community innovation*. Dunfermline: Carnegie UK Trust.
- Dargan, L. and Shucksmith, M. (2008): LEADER and Innovation. *Sociologia Ruralis* **48** (3), 274-291. <http://dx.doi.org/10.1111/j.1467-9523.2008.00463.x>
- Dax, T., Strahl, W., Kirwan, J. and Maye, D. (2016): The LEADER programme 2007–2013: Enabling or disabling social innovation and neo-endogenous development? Insights from Austria and Ireland. *European Urban and Regional Studies* **23** (1), 56-68. <http://dx.doi.org/10.1177/0969776413490425>
- De Rubertis, S. (2013): Spazio e sviluppo nelle politiche per il Mezzogiorno. Il caso della programmazione integrata in Puglia [Space and development in policies for the South. The case of integrated planning in Puglia]. Bologna: Pàtron.
- De Rubertis, S., Belliggiano, A., Figuera, P. and Labianca, M. (2014): Strumenti e istituzioni per lo sviluppo in Puglia: sinergie e conflitti [Instruments and institutions for development in Puglia: synergies and conflicts], in S. De Rubertis and R. D'Amico (eds), *Istituzioni per lo sviluppo tra Comune e Regione. Unione Europea e prove di ente intermedio in Italia*. Soveria Mannelli: Rubbettino, 69-87.
- Dwyer, J., Ward, N., Lowe, P. and Baldock, D. (2007): European Rural Development under the Common Agricultural Policy's 'Second Pillar': Institutional Conservatism and Innovation. *Regional Studies* **41** (7), 873-888. <http://dx.doi.org/10.1080/00343400601142795>
- García, M., Tolón, A., Lastra, X. and Navarro, F. (2015): Desarrollo rural en tiempos de crisis [Rural development in times of crisis]. Almería: Universidad de Almería.
- European Observatory LEADER (1997): *Innovation and Rural Development. The Observatory Dossier No 2*. Brussel: AEIDL.
- Laloux, F. (2014): *Reinventing organisations. A guide to creating organisations inspired by the next stage of human consciousness*. Brussel: Nelson Parker.
- Luthans, F., Luthans, K.W. and Luthans, B.C. (2004): Positive psychological capital: beyond human and social capital. *Business Horizons* **47** (1), 45-50. <http://dx.doi.org/10.1016/j.bushor.2003.11.007>
- Navarro, F., Woods, M. and Cejudo, E. (2016): The LEADER Initiative has been a victim of its own success. The decline of the bottom-up approach in rural development programmes. The

- cases of Wales and Andalucía. *Sociologia Ruralis* **56** (2), 270-288. <http://dx.doi.org/10.1111/soru.12079>
- Murdoch, J. (2000): Networks – a new paradigm of rural development? *Journal of Rural Studies* **16** (4), 407-419. [http://dx.doi.org/10.1016/S0743-0167\(00\)00022-X](http://dx.doi.org/10.1016/S0743-0167(00)00022-X)
- Murdoch, J. and Abram, S. (1998): Defining the Limits of Community Governance. *Journal of Rural Studies* **14** (1), 41-50. [http://dx.doi.org/10.1016/S0743-0167\(97\)00046-6](http://dx.doi.org/10.1016/S0743-0167(97)00046-6)
- Naughton, L. (2014): Geographical narratives of social capital: Telling different stories about the socio-economy with context, space, place, power and agency. *Progress in Human Geography* **38** (1), 3-21. <http://dx.doi.org/10.1177/0309132513488731>
- Neumeier, S. (2012): Why do Social Innovations in Rural Development Matter and Should They be Considered More Seriously in Rural Development Research? – Proposal for a Stronger Focus on Social Innovations in Rural Development Research. *Sociologia Ruralis* **52** (1), 48-69. <http://dx.doi.org/10.1111/j.1467-9523.2011.00553.x>
- Piselli, F. (2001): Capitale sociale: un concetto situazionale e dinamico [Social capital: a situational and dynamic concept], in A. Bagnasco, F. Piselli, A. Pizzorno and C. Trigilia (eds), *Capitale sociale. Istruzioni per l'uso*. Bologna: il Mulino, 47-75.
- Ray, C. (2000): Editorial. The EU LEADER Programme: Rural Development Laboratory. *Sociologia Ruralis* **40** (2), 163-171. <http://dx.doi.org/10.1111/1467-9523.00138>
- Salenbacher, J. (2015): *Creative Personal Branding: The strategy to answer what's next?* Barcelona: CPB lab.
- Scharmer, C.O. and Kaufer, K. (2013): *Leading from the Emerging Future: From Ego-System to Eco-System Economies*. San Francisco: Berret-Koehler Publishers.
- Shucksmith, M. (2000): Endogenous development, social capital and social inclusion: perspectives from LEADER in the UK. *Sociologia Ruralis* **40** (2), 208-218. <http://dx.doi.org/10.1111/1467-9523.00143>
- Ward, N. and Brown, D.L. (2009): Placing the Rural in Regional Development. *Regional Studies* **43** (10), 1237-1244. <http://dx.doi.org/10.1080/00343400903234696>
- World Economic Forum (2016): *Future of Jobs Report. Top 10 Skills* [www document]. <http://reports.weforum.org/future-of-jobs-2016/shareable-infographics/> (accessed 29 March 2016).