



DOES THE LEADER METHOD PRODUCE INNOVATION IN RURAL TOURISM DEVELOPMENT?

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Abstract. At the beginning of the 1990ies the European Commission (EC) introduced the Community Initiative (CI) LEADER (Liaison Entre Actions de Développement de l'Économie Rurale). Linked to a specific method and equipped with public funds LEADER should open up a laboratory for finding and testing new solutions for development problems in rural areas. The added value of LEADER in comparison to traditional regional and rural development instruments is often associated with strengthening governance and innovation. However, in 2010 the European Court of Auditors comes to the conclusion that LEADER produces innovation or interaction between different sectors only to a very limited extent. Ambiguous and even contradicting appraisals of LEADER raise questions on how to transfer the LEADER method into effective practice and how to evaluate intended outcomes. Departing from the basic proposition that the LEADER method, when properly applied, produces innovation the paper aims to uncover empirical patterns of innovation. The empirical analysis is based on the case study of an Austria LEADER territory covering six years of programme implementation (2007-2012). The subject of analysis is less the single projects but more strategic linkages of activities and interactions of the players involved. Thereby the focus is on tourism as one of the major drivers for employment and growth in rural areas. The main findings are that innovation in a rural tourism context occurs in smaller steps, concerns rather traditional competences and need often years to reach market entry. Municipalities and destination management organisations play a dominant role in project implementation whereas deficits occur in the integration of private businesses. This is particularly true for lagging areas. In stronger destinations innovation is more pushed by private companies.

Keywords: *regional governance, rural development, innovation, LEADER method, tourism development*

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Introduction

Taking into account the specific development challenges for rural areas the European Commission (EC) launched at the beginning of the 1990ies the Community Initiative (CI) LEADER (Liaison Entre Actions de Développement de l'Économie Rurale / links between actions of rural development).

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Connected to a specific method and equipped with public funds for projects LEADER should open up a laboratory for building local capabilities and testing out new solutions for development problems in rural areas (EC 2006). As programme evaluations indicate LEADER worked well in different situations and types of rural areas. The methodological approach is particularly recognised as driver for innovation in rural areas. However, in 2010 the European Court of Auditors comes to the conclusion that LEADER produces innovation or interaction between different sectors only to a very limited extent (2010).

These contradicting appraisals result at least partly from a rather vague understanding of innovation in rural development and an inappropriate evaluation approach. In their study on LEADER and innovation Dargan and Shucksmith observed that local actors regarded their action indeed new but not innovative due to an overrated conceptual understanding of innovation. In spite of its key position within the LEADER method innovation was hardly discussed and conceptualised at local level (2008).

Programme evaluations focus primarily either on single projects or aggregated quantitative monitoring data. Neither the summing up of projects, anyhow subjectively qualified as innovative, nor aggregated monitoring data based on rather general indicators (e.g. number of jobs created, etc.) provide a consistent picture of the innovative development of an areas as such.

1. Basic proposition and research aim

The paper at hand is an account of a qualitative study of the LEADER method in regard to innovation. The basic proposition of the paper is that LEADER produces innovation in rural development in general and in particular in tourism as one of the major drivers for employment and growth in rural areas. Thereby innovation takes place in the form a chain of interlinked projects making up a development path. The empirical database comprises more than 80 tourism-related projects implemented in an Austrian LEADER territory in the period 2007 to 2012. Closely link to the basic proposition the paper address the following questions: How can innovation get captured for a LEADER territory beyond single projects and, in further consequence, which innovation patterns can be observed? What are favourable conditions for an innovative development? To answer these questions the logic model of the innovation spiral is used to uncover patterns in the context of LEADER implementation (European Observatory LEADER 1997). This model is derived from a rich empirical basis dating back to a relatively early stage of LEADER implementation. However, this model has so far not been applied in systematic evaluations. The results should help LEADER actors in the design and implementation of development strategies as well as of self-evaluation instruments.

In the following the LEADER approach is outlined and put into the context of background literature on regional innovation systems. Next, the research method and the case study area are described.

2. The LEADER method

The basic idea of LEADER is grounded on seven key features that are (1) area based approach; (2) bottom-up approach; (3) local private-public partnership; (4) multi-sectoral approach; (5) innovation; (6) cooperation; and (7) and networking (EC 2006). These features should complement each other and make up a holistic/consistent toolkit for rural development. The cooperative and integrative nature of LEADER is often subsumed under the concept of governance.

The area based approach encourages local actors to define a common territory comprising more than one rural municipality and at the same time safeguarding a critical mass in terms of human, financial and economic resources. The territory should represent a rather small, homogenous and socially cohesive entity that does not need to be equal to a pre-defined administrative unit. Based on an analysis of the territory's



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strengths and weaknesses, major needs and endogenous potentials a Local Development Strategy (LDS) has to be elaborated. The strategy is to be implemented by projects supported by the European Agriculture Fund for Rural Development (EAFRD) complemented by national funds of the Member States.

The second feature, the bottom-up approach, highlights the participative process of strategic planning and decision making in terms of priorities to be pursued and actions to be chosen to deliver the strategy. The involvement of local actors should comprise economic and social interest groups as well as representative public and private institutions. The first two features become institutionalised by the third, the Local Action Group (LAG), a private-public partnership model. The LAG forms a legal body that takes over the formal responsibility of strategy elaboration and implementation. The decision making body in particular regarding project selection must consist of private partners at a minimum of 50%. The LAG mostly runs an operating unit, the LAG management, which has an important support function regarding animation of local actors, project development and funding procedures. Before a LAG can work with LEADER funding it must submit its LDS at the MA for approval and demonstrate beforehand its governance and management capacity in terms of human and financial resources. Therefore the MA launches a tendering process at the beginning of each programme period after the respective RDPs have been approved by the EC. The LAG plays a very crucial role for a well-functioning LEADER process. It should bring together the relevant groups and act as an open platform for their balancing interests. LDS must have a multi-sectoral and integrative rational. That means that projects should be coordinated in the course of strategy implementation. Thereby clusters of projects can make up strategic initiatives within one sector or forge links between related sectors such as tourism and agriculture and so forth. LEADER is particularly recognised as driver for innovative approaches to the development of rural areas. Innovation can concern new products and services, new processes, new forms of organisation or the exploring of new markets. The networking feature aims in particular at overcoming innovation barriers and the remoteness of many rural areas as such. It encourages LAGs and other players involved in rural development to mutually exchange achievements, experiences and know-how. Networking should not least lead to joint projects involving two or more LAGs. These cooperation projects can have an inter-territorial (cooperating LAGs within one member state) or transnational scope bringing together LAGs from different member states.

In the current programme period 2007-2013 the 25 Member States have until 2012 selected more than 2,300 LAGs. By then Romania and Bulgaria have not yet completed the tendering process. Since the launch of LEADER in 1991 the number of LAGs has therefore increased ten-fold, the EU contribution twelve-fold which underlines the importance LEADER gained in the last 20 years.

3. Literature review

A good deal of recent literature on innovation draws on the fundamental work of the Austrian economist Joseph A. Schumpeter. In a general approach he defines innovation as a new combination of factors (1997). In a broader understanding innovation comprises also imitations of an innovation firstly introduced elsewhere. In regard to economic impacts Fritsch recommends to use a broader definition (2012). Weak forms of innovation such as smaller product improvements or even imitations can have considerable effects on economic success.

Such a broader approach is particularly useful when innovation is discussed in the context of rural development. Taking into account the uniqueness of rural areas the Rural Observatory LEADER regards innovation as an *“initiative of the local actors who bring a new solution to the specific challenges facing the area”* (1997).

In a very simple approach the innovation process is described as a linear model with the following consecutive phases: research, development, production, marketing/diffusion, application. However, in reality innovation follows a much more dynamic, complex and often unpredictable process. All phases



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can be a starting point, some are leapfrogged others have to be repeated. Research can be irrelevant at all or play an important role in each phase. The outcome can be intended new solutions but also unexpected or even – and quiet often – useless or of no result at all. In any case the innovation process goes always along with a considerable economic risk (Fritsch 2012).

The innovation process is to a large part characterized by a high degree of cooperation and work sharing. Many actors such as private businesses, R&D institutions, etc. contribute in one or the other way to new solutions. A collective learning process consequently relies on the flow of knowledge among all the actors involved. Knowledge can be of codified or of tacit nature whereas the latter is linked to individuals. The exchange of tacit knowledge consequently requires face-to-face contacts.

The literature on regional innovation capacity refers mainly to five rather complementing than contradictory theories that are regional innovation systems, network theory, innovative milieu, concept of learning regions and the triple-helix-approach. All of these theories come more or less to similar conclusions. Thereafter cooperation among regional actors in the course of the innovation process is an important facilitator. Internal networks are not per se a guarantor for innovation. Such cooperative settings can just as well be responsible for conserving traditional power relations (Fritsch 2012).

Much of these theoretical considerations are incorporated in the LEADER method. Already in the second programme period (1994-1999) the European Observatory LEADER translated the innovation feature into practical terms. Based on 80 case studies the Observatory outlined a general framework for innovation in rural development (1997). Referring to the 80 case studies the Observatory conceptualised an idealistic innovation process typical for LEADER projects. The first stage comprises the clarifying the context. Very often a new local leader, that can be an individual or a small group, enters the stage and reads the context with new eyes and spots new development opportunities. These initiators must be willing to share their ideas with other actors concerned by the issue and so raise collective awareness. A new idea gets perceived from different angles and becomes consolidated. In a next step a group of initiators emerges whereby the start is much easier when a group is already set up and used to work together. The process from an idea to a project goes often along with a transformation of an initiators' group into project promoters often with a higher number of people or institutions involved. A project is finally held by an organisational structure. Implementation rests on close cooperation of involved actors that act from conviction of a project's advantages. The implementation process is often facilitated by further analysis of potential markets and risks as well as of further financial and human resources needed. Finally, a project's viability in form of new products or services relies much on a permanent adaptation to market changes and a further professional management.

This innovation pattern shows a strong emphasis on social processes and particularly on cooperation. The cooperation feature according to the LEADER method, however, aims for inter-regional or transnational cooperation projects involving different LAGs. Given the collective nature of innovation in general and in a regional context in particular such a cooperation approach falls simply short and distracts from the actual processes within a LEADER territory. Anyway, also the concept "project" must be conceptualised wider than a single EU funded LEADER project. The complex social processes cannot be captured by single projects. Innovative initiatives comprise often of several interlinked projects, some of them supported by LEADER, others not. Hence evaluations based on single projects seem not to be an appropriate approach.

Besides this analytical view on social dimensions the Observatory also proposes a tool to capture the result of innovation. Thereby three different types of innovative actions are distinguished. First, coordinating actions help to animate local actors and mobilise resources and potentials. Such actions include area analyses, participation and strategy processes or measures for strengthening regional identity. Second, innovative structuring actions concentrate on improving and developing infrastructure and immaterial assets of an area. Third innovative consolidating actions comprise economic activities. They simply make use of the potentials created by coordinating and structuring activities.

These three types of innovative actions are interlinked and complement each other. Their consistent combination constitutes a step forward along a so called development spiral. The innovation spiral shows



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some analogies to evolutionary concepts. According to Beinhocker the creation of wealth follows a simple three step logic (2007): differentiation, selection and amplification. Thus, evolution is the basic formula for innovation. Trial and error produces constantly new business concepts. Markets constitute selection criteria for these new concepts. If they find acceptance by markets they will survive and consequently amplify. The innovation spiral follows a similar logic though on a smaller scale. It starts with coordinating actions that corresponds to differentiation processes. If new ideas that emerge from coordinating actions find enough followers they become structured in terms of new or improved material and immaterial assets. So, this stage implies also a selection of ideas. Consolidating actions, then, have an amplification impact by stimulating further economic activities.

A lack of creative milieu, risk avoidance attitudes and concentration of power in the hands of government actors turned out to be major hindrances for innovation. In many areas there was simply no tradition of cooperation. Actors worked atomistically rather than collectively. Anyway, in the extent to which LEADER gained importance in terms of budget Dargan and Shucksmith observed a reassertion of top-down control over LAGs. In the last years the critique about a curtailed autonomy of LAGs increased. In its report facilitating the national dialog on strategic RDP orientation for 2014-2020 the Austrian MA comes to the conclusion that in 2007-2013 integrated regional development was in fact not of high priority. Referring to the LEADER implementation in Germany Schroedter criticises the dominating role of programme authorities at the expenses of a real bottom-up approach and civil society participation. Lacking a real tradition of private-public cooperation political and administrative decision makers are apparently not willing to share responsibilities with private actors in the sense of regional governance (Schroedter 2009).

However, certain top-down dominance seems not to be a completely new phenomenon. In his study on EU multi-level governance reflecting the CI LEADER+ (period 2000-2006) in Finland and Germany Kull sums up: “*managing authorities were the most powerful actors in LEADER+*” (2009).

However, the decision making at LAG level seems to be not only heavily influenced by programme authorities, also the composition of boards reflects often an area’s traditional power relations. A survey in Denmark on 55 LAGs revealed that board members are mostly well-educated older men who hold many other posts in society (Thusen 2010). If steering groups are primarily composed of actors representing the traditional power relations innovation aspirations will rather have the quality of lip services (Hahne 2002). So, deficiencies in regard to innovation can not only be reduced to external factors. In the context of the Austrian midterm evaluation of LEADER in the period 2007-2013 almost two thirds of Austrian LAGs assessed the local actors’ readiness for innovation rather low.

4. Methods

The purpose of the case study is to show how the LEADER approach produces innovation in rural tourism development. So, at first it is necessary to define rural tourism. There is no general definition the study can relate to (for a critical discussion of definitions see Rein and Schuler 2012). However, LEADER territories, designated according to the Austrian selection criteria, are considered as representative for rural areas as such. In further consequence rural tourism is defined as industry-related economic activities within the LEADER territory. Thereby the conceptual understanding goes far beyond farm holidays. Of course, rural tourism is not limited to LEADER activities. In fact LEADER might concern only a certain aspect of tourism. The tourism system as such, anyway, constitutes an important scope of reference for the discussion of empirical patterns.

Second, the innovation phenomenon has to be transferred into operational terms. The most visible expressions of tourism development in the context of LEADER are tourism-related projects. So they form the basic elements of analysis. The period of reference is 2007-2012. The main attention is drawn to their specific nature, content and strategic linkages to other projects. Projects are defined as tourism-related



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when their ultimate objective is to attract tourists, either directly via new or improved infrastructure, new products or marketing or indirectly via strategy processes, education and training.

In order to uncover innovation patterns in the course of LDS implementation the case study draws on the logic model of the so called innovation spiral outlined in the European Observatory Dossier on Innovation and Rural development (1997). Thereafter three different kinds of innovative actions are distinguished. They are interlinked, complement each other and make up an evolutionary path of innovation expressed as a spiral. The technique of logic models is frequently used for case study programme evaluations (Yin 2009).

As described in the previous chapter, coordinating actions come at beginning of an innovative initiative because of their animating and mobilising effect. The next step on the innovation spiral constitutes structuring actions. They address the improvement of material and immaterial assets of an area. Coordinating and structuring actions both form a fruitful ground for further economic activities - the consolidating actions embedded in an entrepreneurial or institutional context. Hence, the logic model implies an ideal-typical chain of events. Coordinating actions become the independent variable for the next stage, the structuring actions. These in turn cause consolidating actions. However, in reality innovation emerges not necessarily in a linear specific cause-effect-cause-effect pattern (Fritsch 2012). It can in fact evolve from any point on the spiral.

In order to increase the analytical power of the logic model the three types of innovative actions are further subdivided and specified. Broad coordinating actions comprise participation processes, strategic analyses and evaluations, feasibility studies, and so forth. More targeted coordinating actions focus in particular on education and training. Structuring actions can be developing and improving either tangible assets such as public infrastructure or immaterial assets such as new brands, quality management processes, etc. Consolidating actions subsume economic activities directly on markets. They are divided into projects of private actors or at least those activities involving private businesses on the one side and projects primarily implemented by public institutions on the other side.

In a first step all tourism-related projects are graded according to their content leading to thematic clusters such as food and drink, nature experience, hiking, rock climbing and so forth. Cross-cutting destination marketing projects, strategy processes or general education and training activities are subsumed under the headline “basics”. Within the thematic clusters projects are further analysed in regard to their direct or indirect connections.

In the next step projects are assigned to one of the different types of innovative actions. The resulting empirical patterns are in a third step compared to the theoretical model of the innovation spiral. In order to see by whom the initiatives are carried out, projects are also analysed in regard to the type of project holders. Thereby the following types are identified: municipalities, destination management organisations (DMOs), the LAG itself, agricultural associations (AA, basically community owners of forest land), the Nature Park association (NP), non-profit organisations (NPO) and companies.

A methodological focus on projects funded by LEADER or other OPs to uncover innovation patterns is not free from limitations. Not any innovative action occurs in the form of projects captured by the monitoring. Anyway, financial support from LEADER and other OPs is available in principle for all types of innovative actions and all types of beneficiaries (except big corporations). So, projects are indeed a good starting point to analyse innovation patterns.

The case study is built on a particular LEADER territory. The case selection is made according to the following criteria: First the LAG should effectively work according to the LEADER method but need not be limited to LEADER funding in LDS implementation. Hence, the LAG corresponds more to a consistent regional management organisation working across the various funding programmes. In other words it must not be caught into a primarily agricultural interpretation of rural development. Second, the LAG should have close connections to tourism actors and a large database in regard to tourism-related projects within the period of reference. Furthermore a good deal of background information on internal structures and



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relationships must be available. Finally the vast abundance of any easy access to solid project data and background information made the author to choose the LAG he has been working for more than 11 years.

The chosen LEADER territory is located in the Austria Alps. It has an area of about 1,200 km² and consists of 37 municipalities and four tourism destinations (D1-4) constituted according to the provincial tourism law. The overall tourism intensity is 100 overnight stays per inhabitant. Yielding a little more than 3.2 Mio overnight stays per year, the industry's economic importance is very high. In some parts even a tendency towards a tourism-based economic mono-structure can be observed (D1 and partly D4).

Two of the four destinations reach 1 Mio (D1) and 1.3 Mio (D4) overnight stays per year. In economic terms D2 is the weakest area but also there tourism is the most important industry with about 550,000 overnight stays per year. The economy in D3, however, is much more diversified. Anyway, the hospitality sector accounts for 350,000 overnight stays per year.

In 2008 D2 and D3 began to join forces and set up a common strategy based on a Nature Park connecting them in close cooperation with the Nature Park association of which they are also members. Two years later they started to operate on the market at least partly under a common umbrella brand. The cooperative approach should help to reach higher cost efficiency and brand recognition. However, all four DMOs cooperate traditionally also with partners in neighbouring areas in terms of product development and marketing communication.

All in all the integration of tourism in LAG activities both in terms of involved actors and number of projects is very strong. Representatives of all four DMOs are members of the LAG board and of the underlying Regional Development Organisation (RDO). They have all been involved in LDS elaboration and meet regularly in a standing working group coordinated by the LAG management. The DMOs take frequently over the role of project holders and are also engaged in joint projects. The destination managers actively exchange know-how and form a powerful link between the LAG and other DMO stakeholders (hotel owners, etc.).

Findings from data collected and analysed

All in all 87 tourism-related projects were recorded and assigned to one of the four destinations or to the Nature Park tourism marketing alliance (NP) of D2 and D3. All projects are listed in the appendix part. The by far highest number of projects falls on these two weaker destinations. 34 projects concern their common effort to establish Nature Park tourism in cooperation with the Nature Park association. Another 16 projects were implemented in this area. This high activity level can be traced back to an additional development programme for the Nature Park area and a common strategy process involving the relevant stakeholders. This process was initiated and coordinated by the LAG management. However, tourism actors make intensively use of funding opportunities and try to catch up to the stronger destinations. The strongest destination (D2), in contrast, shows the lowest number of projects. Here a good deal of tourism development comes from bigger companies (cable car companies and bigger 4*/5* hotels). These companies are either not eligible beneficiaries for funding or are not eager to pay the prize of EU funding bureaucracy. The DMO concentrates primarily on destination marketing and less on product development.

Projects implemented jointly by all four Ds are grouped under the headline common activities (CA). All in all project holders are predominantly DMOs (34 projects) and municipalities (24 projects) which corresponds to the dominant nature of projects that is either development or improvement of public infrastructure or destination marketing. This observation confirms that DMOs and municipalities are in general very important actors within a tourism destination. Furthermore, they are also the preferred addressees of LEADER and other OPs. However, private businesses take over the role of project holders only to a very limited extent. Hotel and restaurant owners are indeed involved in some project activities (education and training, strategy elaboration, marketing campaigns) but they hardly take over a leadership



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role. In contrast to LAGs in other Austrian provinces, in the case study LAG projects concerning single corporate investments are the absolute exception. The LAG itself conducts projects primarily in the field of education and training as well as for pioneer initiatives involving several actors. For the latter the LAG takes over the role of the neutral focal partner. Other non-profit organisations including the Nature Park association run tourism-related attractions. Over the years they have become experienced project holders, in other words members of the so called “project class”. In the case study agricultural associations (AA) are basically owners of forest land. They play the part of project holders for constructing of forest roads. Their primary interest is not necessarily tourism development. In order to get public funding in tourism contexts they have to open their new roads for cycling/mountain biking or hiking. Such mixed uses of roads are often the only way to foster tourism infrastructure on private land.

Table 1

Type of project holders

Type of project holders	Dest. 1	Dest. 2	Dest. 3	Dest. 4	Nat. Park	Com. Act.	Sum
Destination management organisation	10	1	2	5	13	3	34
Municipality	10	3	1		10		24
Non-profit organisation		2	7		3		12
LAG					2	5	7
Nature Park association					4		4
Agricultural Association				1	2		3
Companies	1			2			3
Sum	21	6	10	8	34	8	87

Source: author's calculations based on 87 tourism-related projects in the case study area

The vast majority of all 87 projects fall in the categories of innovative structuring actions/material assets (49 projects), which is basically public infrastructure, and consolidating innovative actions involving only public actors such as DMOs (15 projects). In a narrow and isolated perspective many projects cannot be qualified as a great novelty as such. Their innovativeness results more from the context. A project for developing or improving a hiking or cycling path section can either contribute to a new product (e.g. long distance hiking trail) or just help to keep the status quo. In the first case projects show anyway an innovation potential in the first instance. Innovative rural tourism development can be made out if these projects group along a spiral preferably covering all types of innovative actions. And indeed, several such innovation spirals can be identified. The most prominent ones concern Nature Park tourism (see Figure 1).

About 60% of all projects focus on summer tourism (hiking, cycling, nature experience, rock climbing, family tourism and bathing). Thereby hiking is the most important and, at the same time, most traditional development strand. However, as the project patterns reveal for Nature Park tourism hiking projects make up a distinct innovation spiral in the context of a new long distance hiking trail. Similar patterns can be observed in cycling tourism whereby here also a link to food and drink occurs (cycling event in combination with a local food festival). Still in an early stage is hiking tourism in close connection with nature experience, a new product line derived from the long distance hiking trail. But also here an innovation spiral little by little evolves. Further innovative developments emerge in nature experience tourism as well as in herbs products. The strategic foundation for all of these activities stems from a cross-cutting project categorised under the headline “basics” (broad coordinating innovative action).

Under the strategic umbrella Nature Park tourism a good deal of social capital has formed involving not only the Nature Park association, municipalities and the DMOs but also owners of restaurants, hotels and guesthouses, farm women, nature guides and other stakeholders.

The two stronger Ds concentrated to a large part on improvements of mature products. Thereby no innovation spiral emerged. However, their innovative actions have a focus on cross-border destination marketing campaigns including new media in cooperation with German partners.



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CAs comprise broad as well as targeted coordinating actions. The first concerns strategy and evaluation processes in various directions and consequently aim at propelling innovative initiatives. The second focus basically on education and training for DMO employees. In both cases the LAG plays the formal part of project holder but implements the actions in close cooperation with the four DMOs. Within the group of CAs also a consistent innovation spiral in rock climbing tourism can be identified. The initiative was launched by a neighbouring LAG and spread via the LAG managers to other LEADER territories. Finally it became a province-wide campaign. The process started with capacity building and training of climbing actors concerning safety rules and development of climbing routes. After that a common web-based marketing platform was set up. In several territories climbing infrastructure was improved or newly developed. In the course of this initiative a good deal of social capital was formed involving DMOs, mountaineering association, province-wide tourism board and private companies. The coordinating and networking was done by LAG managers.

Only with nature experience and barrier-free tourism completely new sectors emerged. Both are still in an early stage and have to be further developed in the coming years. In D3 culture tourism would reveal an innovation spiral if the period of reference would start in 2001. Until 2006 several projects of all types of innovative actions contributed to the creation of a new attraction based on the unique cultural heritage of an ensemble of old fortresses. At the beginning of the recent period 2007-2013 this new attraction was already introduced on the market. The analysed projects aimed primarily at further improvements.

Table 2

Types of innovative actions

Type of innovative actions	Dest. 1	Dest. 2	Dest. 3	Dest. 4	Nat. Park	Com. Act.	Sum
Combinations			1	1	1	2	5
Consolidating 2/private and public					4		4
Consolidating actions 1/public	8			3	3	1	15
Structuring actions 2/immaterial					4		4
Structuring actions 1/material	12	5	6	4	19	3	49
Coordinating actions 2/targeted					2	1	3
Coordinating actions 1/broad	1	1	3		1	1	7
Sum	21	6	10	8	34	8	87

Source: author's calculations based on 87 tourism-related projects in the case study area

Table 3

Thematic clusters

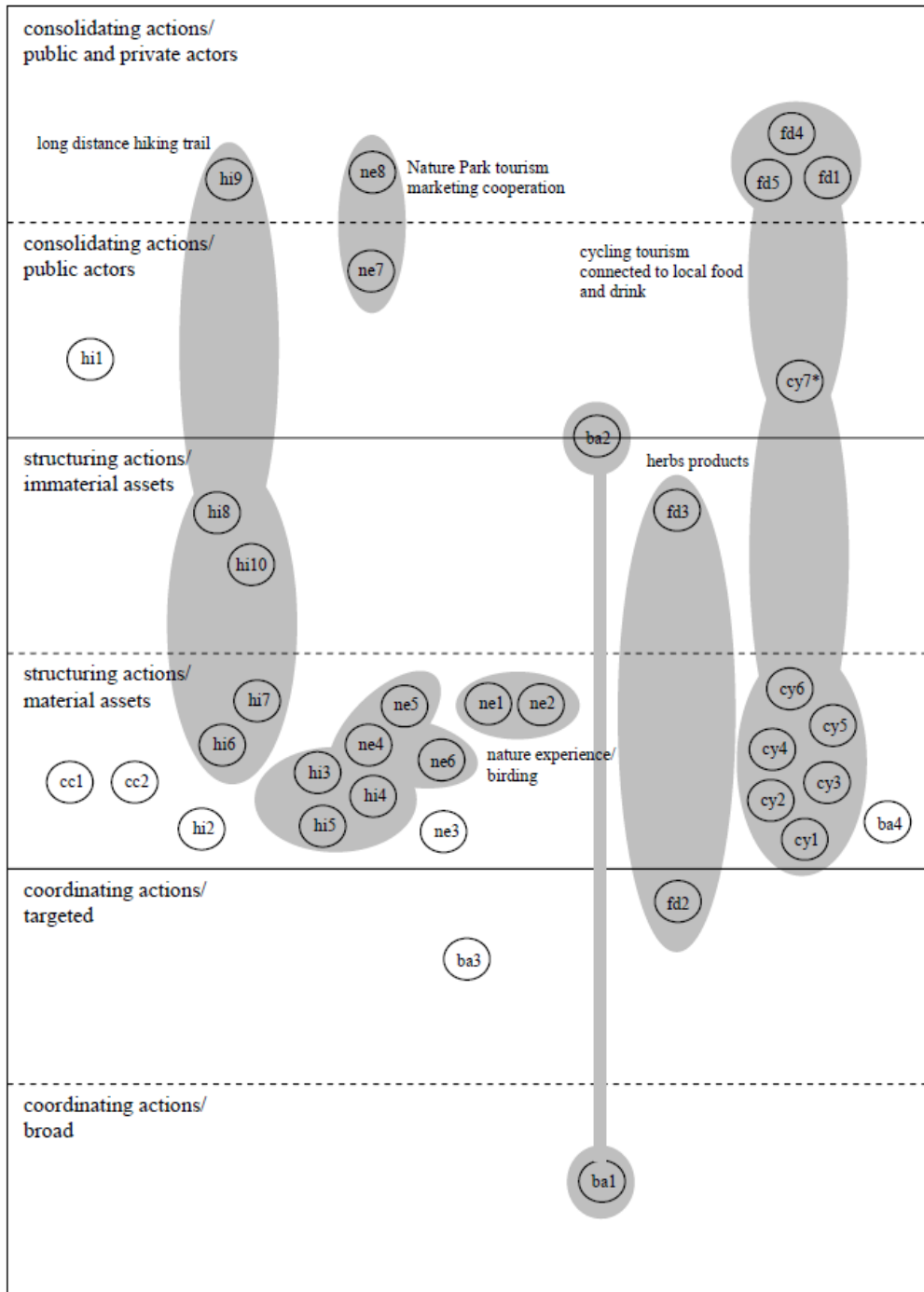
Thematic clusters	Dest. 1	Dest. 2	Dest. 3	Dest. 4	Nat. Park	Com. Act.	Sum
Hiking	7	2	1	1	10		21
Basics	4		2	3	4	2	15
Cycling	3			2	7		12
Cultural tourism	4	1	7				12
Nature experience	2				8		10
Rock climbing						5	5
Food & drink					5		5
Cross country skiing	1	2					3
Family tourism				2			2
Bathing		1					1
Barrier-free tourism						1	1
Sum	21	6	10	8	34	8	87

Source: author's calculations based on 87 tourism-related projects in the case study area



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Source: author's own interpretation

Fig. 1. Innovation pattern for Nature Park Tourism



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Conclusion and suggestions

Since the beginning of the 1990ies an increasing number of rural areas has established rural development structures according to the LEADER approach. But after more than 20 years of application the various evaluations still convey rather ambiguous and even contradicting appraisals. The background literature on regional innovation systems provides good arguments to discern that the LEADER method as such is a reasonable development approach. In further consequence its effectiveness would be primarily a matter of an appropriate transfer into practice. Therefor the paper at hand comes up with the following conclusions and suggestions.

1. LEADER indeed produces innovation. Some consistent development paths could be identified that correspond very well to the innovation spiral model. However, LEADER also allows for single projects that rather contribute to keep the status quo than to trigger new initiatives.
2. Weaker destinations seem to make better use of funding opportunities. Thereby DMOs and municipalities and partly non-profit organisations take over the role of project holders. The LAG management acts as an initiator and coordinator. Micro-businesses are little by little joining innovative initiatives but leave the leading part to existing institutions. However, also the weaker destinations also have a long tradition and well established competences in tourism.
3. Innovation spirals in rural tourism development emerge primarily from traditional competences. They constitute often new interpretations or combinations of resources. Innovation has more the nature of smaller incremental steps than of a revolutionary break-through.
4. Innovative initiatives take often years to enter the market. They grow more in a trial and error approach than by detailed strategic plans. Innovation spirals are a reasonable tool to make such development paths visible and allow identifying gaps. Anyway, the LAG management can thereby play an important initiator's and coordinator's role. The dynamics of innovations are not bound to certain OPs. Hence, in order to evaluate the performance of a LAG the evaluation timeframe must not be limited to programme periods.
5. Most projects can be assigned to structuring or consolidation actions carried out by public institutions. More comprehensive activities including for instance education and training, marketing and infrastructure development have been eligible or manageable more or less in those programmes funded only with EU sources (e.g. Interreg). Wherever national sources have to complement EU funds the sectoral and administrative assignments have made cross-cutting projects much more difficult. Projects with a narrower direction make it, at first sight, easier to distinguish spiral patterns. However, if multiple activities can be included in one bigger project the bureaucratic work load (approval and accounting process) is smaller. The additionality principle regarding EU and national sources is a basic element of LEADER. Hence, it is suggested to cut the national sources from sectoral assignments and so make innovative cross-sector and cross-cutting projects easier to manage.
6. There is much scepticism that strategic planning based on a constructivist and technocratic paradigm works in practice (Malik 2008). Furthermore, the complexity of social processes can make detailed plans swiftly obsolete. The complexity facing single organisations gets multiplied for regions with various and manifold actors to be involved in networks and collaborative settings. An in-depth discussion of strategic management of regions would anyway exceed the scope of the study at hand (for a critical appraisal concerning this matter see in Rey 1999, Salchner 2010, etc.). Furthermore, innovation in particular in such complex social systems is far from being a predictable phenomenon. It is suggested that LDS should less include details plans, number of projects and indicative budgets but constitute more a strategic corridor within innovative initiatives can grow.
7. According to the Europe 2020 strategy innovation will be a revisited issue in regional and rural development. A collaborative development of an innovation model involving programme authorities at provincial and national level and practitioners at grass root level, namely LAG managers, would be highly beneficial. Therefore the paper in hand could be a good starting point.



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Appendix

Table 4

Project list of common activities

Description	Code	Theme	Type	Fund	Holder
Education and training campaign	ba1	basics	coord.1	LEADER	LAG
Education and training campaign	ba2	basics	coord.2	LEADER	LAG
Cross border identification barrier-free infrastructure	bf1	barrier-free	coord1/struct.2	Interreg	LAG
Development of climbing tourism	cl1	rock climbing	coord.2/struct.2	LEADER	LAG
Marketing campaign climbing tourism	cl2	rock climbing	cons.1	LEADER	LAG
Development of rock climbing infrastructure	cl3	rock climbing	struct.1	national	DMO
Development of rock climbing infrastructure	cl4	rock climbing	struct.1	LEADER	DMO
Development of rock climbing infrastructure	cl5	rock climbing	struct.1	LEADER	DMO

Table 5

Project list of destination 1

Description	Code	Theme	Type	Fund	Holder
Cross border quality campaign	ba1	basics	cons.1	Interreg	DMO
Cross border foreign markets campaign	ba2	basics	cons.1	Interreg	DMO
Cross border distribution campaign	ba3	basics	cons.1	Interreg	DMO
Cross border social media campaign	ba4	basics	cons.1	Interreg	DMO
Game watching platform	ne1	nature experience	struct.1	LEADER	DMO
Nature film festival	ne2	nature experience	cons.1	LEADER	DMO
Quality improvement/cycle path	cy1	cycling	struct.1	LEADER	mun.
Cycle path underpass	cy1	cycling	struct.1	LEADER	mun.
Marketing campaign/cycling holidays	cy3*	cycling	cons.1	LEADER	DMO
Quality improvement/hiking trail	hi1	hiking	struct.1	LEADER	mun.
Quality improvement/hiking trail	hi2	hiking	struct.1	LEADER	mun.
Quality improvement/hiking trail	hi3	hiking	struct.1	LEADER	mun.
Quality improvement/hiking trail	hi4	hiking	struct.1	LEADER	mun.
Quality improvement/hiking trail	hi5	hiking	struct.1	LEADER	mun.
Thematic hiking trail	hi6	hiking	struct.1	national	comp.
Marketing for pilgrim trail	hi7	hiking	cons.1	Interreg	DMO
Linking of cross border cross country ski trail	cc1	cross country ski	struct.1	Interreg	DMO
Architectural competition for local museum	cu1	culture	coord.1	LEADER	mun.
Construction of local museum building	cu2	culture	struct.1	LEADER	mun.
Installation of local museum exhibition	cu3	culture	struct.1	LEADER	mun.
Marketing campaign for cultural tourism	cu4*	culture	cons.1	LEADER	DMO



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Table 6

Project list of destination 2

Description	Code	Theme	Type	Fund	Holder
Improvement of open air theatre	cu1	culture	struct.1	RegCom	NPO
Cross border development study/high altitude trails	hi1	hiking	coord.1	Interreg	NPO
Bridge construction/hiking trail	hi2	hiking	struct.1	SFP	mun.
Development of natural public bath	bth1	bathing	struct.1	SFP	mun.
Cross-country circuit construction	cc1	cross-country ski	struct.1	SFP	mun.
Nordic slider installation/road crossing device	cc2	cross-country ski	struct.1	SFP	DMO

Table 7

Project list of destination 3

Description	Code	Theme	Type	Fund	Holder
Introduction of cross border electronic guest card	ba1	basics	struct.2/cons.1	Interreg	DMO
Cross border marketing for free rail tickets in winter	ba2*	basics	cons.1	Interreg	DMO
Renovation of castle ruin/hiking trail	cu1	culture	struct.1	LEADER	NPO
Renovation of castle ruin/hiking trail	cu2	culture	struct.1	LEADER	NPO
Renovation of castle ruin/hiking trail	cu3	culture	struct.1	LEADER	NPO
Installation of historical event hall	cu4	culture	struct.1	LEADER	NPO
Installation of stagecraft in historical event arena	cu5	culture	struct.1	national	NPO
Cross border marketing for medieval events	cu6	culture	cons.1	Interreg	NPO
Marketing campaign for cultural tourism	cu7*	culture	cons.1	LEADER	NPO
Construction of car park for hiking area	hi1	hiking	struct.1	national	mun.

Table 8

Project list of destination 4

Description	Code	Theme	Type	Fund	Holder
Cross border marketing for free rail tickets in winter	ba1*	basics	cons.1	Interreg	DMO
Cross border holiday magazine	ba2	basics	cons.1	Interreg	DMO
Cross border marketing campaign	ba3	basics	struct.2/cons.1	Interreg	DMO
Cycle path link construction/long distance route	cy1	cycling	struct.1	LEADER	AA
Marketing campaign/cycling holidays	cy2*	cycling	cons.1	LEADER	DMO
Rafting and Kneipp cure installation	fa1	family	struct.1	LEADER	comp.
Game and animal park enlargement	fa2	family	struct.1	LEADER	comp.
Construction of thematic hiking circuit	hi1	hiking	struct.1	LEADER	DMO



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Table 9

Project list of Nature park area (destinations 2 and 3)

Description	Code	Theme	Type	Fund	Holder
Strategy development nature park tourism	ba1	basics	coord.1	national	DMO
Brand development/marketing nature park tourism	ba2	basics	struct.2/cons.1	national	DMO
Nature park tourism academy/management training	ba3	basics	coord.2	SFP	LAG
Digital bus timetable display devices	ba4	basics	struct.1	SFP	DMO
Cycling event with delicacies festival	fd1	food/drink	cons.2	Interreg	DMO
Education in herbs pedagogics	fd2	food/drink	coord.2	SFP	LAG
Development of herbs products	fd3	food/drink	struc.2	SFP	NP
Lamb meat campaign	fd4	food/drink	cons.2	SFP	DMO
Valuables and delicacies marketing	fd5	food/drink	cons.2	SFP	DMO
Bird watching path construction	ne1	nature experience	struct.1	SFP	NP
Parking area for bird watching path	ne2	nature experience	struct.1	LEADER	mun.
Mountain hay museum construction	ne3	nature experience	struct.1	SFP	DMO
Nature exhibition, platform, hikes and brochure	ne4	nature experience	struct.1	Interreg	NPO
Exhibition building	ne5	nature experience	struct.1	SFP	NPO
Canopy path construction at alluvial forest	ne6	nature experience	struct.1	Interreg	NPO
Marketing cooperation of nature parks	ne7	nature experience	cons.1	SFP	NP
Marketing cooperation/nature park guesthouses	ne8	nature experience	cons.2	LEADER	NP
Brochure for sculpture trail	hi1	hiking	cons.1	SFP	DMO
Hiking trail construction/tributary valley	hi2	hiking	struct.1	SFP	mun.
Bridge construction/river circuit trail	hi3	hiking	struct.1	SFP	mun.
Trail link construction/river circuit trail	hi4	hiking	struct.1	SFP	AA
Trail link construction/river circuit trail	hi5	hiking	struct.1	SFP	AA
Trail link construction/ long distance trail	hi6	hiking	struct.1	SFP	mun.
Suspension bridge construction/long distance trail	hi7	hiking	struct.1	RegCom	mun.
Marketing concept/long distance trail	hi8	hiking	struct.2	LEADER	DMO
Product develop., market entry/long distance trail	hi9	hiking	struct.2	Interreg	DMO
Quality certification model/long distance trail	hi10	hiking	struct.2	Interreg	DMO
Rest places construction/cycle path	cy1	cycling	struct.1	national	DMO
Quality improvement/cycle path	cy2	cycling	struct.1	LEADER	mun.
Quality improvement/cycle path	cy3	cycling	struct.1	LEADER	mun.
Quality improvement/cycle path	cy4	cycling	struct.1	LEADER	mun.
Quality improvement/cycle path	cy5	cycling	struct.1	LEADER	mun.
Quality improvement/cycle path	cy6	cycling	struct.1	LEADER	mun.
Marketing campaign/cycling holidays	cy7*	cycling	cons.1	LEADER	DMO