

3. The role of intermediate institutions in community development. The case of LAGs

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1. Introduction: intermediate institutions and LAGs

The purpose of this paper is to investigate the possible benefits provided by intermediate institutions for the development of local communities. These are institutions that function essentially as a hinge coupling between the community (and its organizations) and the State (and its organizations). The first step is to address the question: exactly what are “intermediate institutions”?

Intermediate, or meso-level institutions, are those “peripheral structures of the State, such as local bodies and institutionalized or semi-institutionalized organizations (associations and unions of varying description, local banks), which have provided local systems with specific public assets” (Arrighetti and Seravalli, 1999, p. X). In effect, a distinction can be made between universal institutional assets (laws, defence of the territory, national infrastructures) and selective institutional assets (regarding categories of subjects or given territorial areas). Universal assets are provided by central institutions (States and, increasingly in the present day, supranational organizations); selective assets are the concern of intermediate institutions (sectoral organizations and local interests, local government structures, non-temporary cooperative and associative organizations, peripheral appendages of the State, local agencies, etc.).

Intermediate institutions are set up primarily for governance of the territory and for the economic development of specific territorial areas (e.g. rural areas) or areas of interest (e.g. business clusters) and are entities tasked with offering public assets and services. From this perspective, the *raison d’être* of intermediate institutions depends on their capacity to

organize and coordinate a demand for control and for political mediation of interests, which cannot be provided at local level alone, and which cannot and should not (save in exceptional cases) be handled directly at national level (Sforzi, 1999).

Beyond the taxonomy, however, it is difficult to define exactly what constitutes an intermediate institution, given that the attribute “intermediate” is *relational* in nature, and has meaning only if one identifies the elements that such an entity finds itself “between” (Lanzalaco, 1999). “Intermediate” covers the entire grey area between *peripheral* and *central*, between *micro-level* and *macro-level*. Accordingly, we refer here to a range of “meso governments” that vary depending on their purpose and on hierarchical level. Existing research into the role of intermediate institutions focuses predominantly on the economic and political aspects of local development. Our intention in this paper, by contrast, is to discuss the possible contributions that can be made by intermediate institutions to community development, that is to say, the process whereby members of the community come together to take a common action and generate solutions to shared problems (Heller *et al.*, 1984), and the activation of relational dynamics (interpersonal, intragroup, intergroup) capable of preserving and regenerating the social fabric (Amerio, 2000). It is a process that aims to create conditions for social and economic progress through active participation of the community (Rothman, 1974). Community development seeks to make individuals and groups aware of their responsibilities, giving them the capabilities they need to influence their community. These capabilities are often created through the formation of large groups working to a common agenda.

Local development can be considered not only as economic growth, but also as an investment in social equity and environmental sustainability (Tobasura, 1996). Thus, development becomes a notion centred on the quality of life enjoyed by people (Max-Neef, Elizalde, and Hopenhayn, 1993) and on their ability and freedom to select the kind of life they want to live (Sen, 1990).

In this paper, as intimated, we will look at the possible contributions that can be made by intermediate institutions to community development.

In particular, we will take a specific institution by way of example, namely Local Action Groups (LAGs), which we consider to be a prototype intermediate institution, but one also having characteristics that are entirely original, compared to other meso-level institutions (such as, for example, provincial or wide area entities).

LAGs are cooperative-type associations between public institutions (municipalities, in the main) and private partners (businesses, associations, entrepreneurs, etc.) set up to favour the local development of a rural area. LAGs formulate a local development plan (LDP) and capture funding made available by the European Union. The activity of LAGs is characterized by three factors: (1) a clearly delimited and homogeneous territory; (2) public-private partnership, and (3) local development strategies promoted and implemented adopting a bottom-up approach.

Accordingly, we will endeavour in the course of the next section to delineate the impact made by intermediate institutions in facilitating, directing or inhibiting community development. Thereafter, on the other hand, we will look at the specificities of LAGs in this sphere.

2. Community development and the possible contributions of intermediate institutions

The main avenues of community development, as suggested by Clinard (1970) and by Levine and Perkins (1987), include:

- creating a sense of social cohesion, improving interpersonal relations and developing an awareness of belonging to one's community;
- supporting and stimulating self-help, voluntary service and other types of spontaneous association;
- raising consciousness and informing citizens of important problems in the community and setting common goals for action;
- identifying and promoting the abilities of local leaders;

- developing civic consciousness, mutual respect and dialogue between different cultures and ethnic groups in the community;
- using the expertise of professionals and the *know-how* of researchers to support the mobilization of pressure groups and social change;
- offering instruction in techniques of conflict management, decision-making and problem solving;
- assisting with coordination between the action of the various services and the pressure of social action movements.

Many of these functions can be identified with the ordinary actions of intermediate institutions. However, the benefits of collective action can outdo the advantages of individual action only when a series of constraints inherent in the coordination of individual patterns of conduct are overcome. Before projects are launched, in effect, individual social actors should provide one another with information key to subsequent decision-making, acquire the minimum technical skills needed to process different solutions, and align the various individual plans with the collective plan. Taken overall, these actions require resources, time and intellectual investments that increase exponentially as the number of actors involved becomes greater. Consequently, coordination on this level is seen as excessively burdensome and the collective project tends to be abandoned. Hence, the first task that should fall to intermediate institutions is *ex ante* coordination.

For this to be possible, an intermediate institution should have some form of decision-making power. In practice, control over decision-making is hampered considerably if none of the actors involved wields effective authority. Whoever undertakes these tasks must have access to all the incentives for choosing efficiently (Grossman e Hart, 1986), and the right of exclusion is the function of private governing bodies. In the case of collective actions, the primary condition is exactly the opposite: non-excludability, or expressed in positive terms, inclusiveness.

Inclusiveness has meaning only if seen in a long term perspective. In reality, an intermediate institution influences the production processes of a territory if it is seen as a stable resource, constantly active and capable of

adapting to the changes brought by successive historical and economic events. Social actors (citizens, businesses, municipalities, trade associations, interest groups, etc.) must know that participation in the activities of a given institution is open “to all, and always”.

Speaking of inclusiveness leads inevitably to the subject of *participation* and of *active citizenship* (the second of the possible contributions of intermediate institutions to local development). In literature, a distinction is made between *mobilization* and *participation*. Walgrave and Klandermans (2010) describe mobilization as the process that enables the initiation of a movement. The process of mobilization can occur in circumstances where individuals, groups and communities take measures to protest against an unfavourable event, a decision or an out-group, but also to invoke change or support a new vision of the problem.

Participation, on the other hand, is described as a pool of behaviours, relatively stable over time and in different social contexts (Dalton, 2006; Norris, 2002; Talò et al., 2014). The typification of Teorell et al. (2007) makes mention of “pre-political” participation, different from the formal political participation typical of the political class and the élites of society (Brady, 1999). In effect, a large slice of the citizenry making up contemporary democracies is involved in non-formal political or semi-political activities: i.e. activities not intended to influence administrative decisions directly, but at least to address problems affecting the community in any way. Schudson (1996; 1999) speaks of ‘monitorial citizens’. According to this author, citizens are not as a rule interested in politics and feel that they have limited effectiveness politically, but when involved in decision-making processes, they stay interested, informed and active.

We have noted that the second contribution intermediate institutions can make to community development, after ex-ante coordination, is one of facilitating participation. Indeed it is our belief that one of their tasks should be precisely to create mobilization around a project, and convert this same mobilization into participation. Mobilization can be tied to the initial planning of measures or, subsequently, to direct involvement in specific projects. But for this to happen, participation has to be real. It

must impact on the decision-making process and be organized in such a way that solutions can become achievable. Too often though, participation is reduced to mere attendance at seminars or filling in questionnaires, identifiable with what Arnstein (1969) calls “mock participation”: those forms of involvement, in other words, that may take on a symbolic character (guaranteeing a semblance of equity through some working group or other, etc.) but are structured as a kind of concession (cushioning strategies) where action is effectively improbable (Mannarini, 2004).

Thus far we have spoken of the role that intermediate institutions can have from the ‘top down’ with respect to citizens, associations, municipalities, etc. But intermediate institutions can also have a ‘bottom-up’ role, in influencing the organizational rules of higher institutions (Region and State). This aspect underpins a third contribution that intermediate institutions can make in favouring community development: to create a “dialectic on equal terms” between methodologies, sensibilities and organizational models of communities and macro-level institutions.

In particular, it was Zucker (1988) who developed a sophisticated and complex model to explain the processes of institutional influence. The starting point for Zucker is that not all institutional forms at macro level are transmitted to micro levels, and neither is the reverse always true. In other words, institutional orders are *loosely coupled systems* in which the different levels are interconnected by weak links. The resulting divergences derive precisely from social and institutional differences between the levels. At micro level, relations are direct, or in any event conducted with scant mediation. Macro levels, by contrast, are based on formal elements (rules, laws, articles of association, etc.). A mutual *imperviousness* is created between these two levels. According to Zucker, when cohesion and association are created at the micro level, this erodes legitimacy at the macro level, as the effect is to introduce elements of *variety* and *differentiation* typical of local regulatory orders, at higher levels, thereby increasing the degree of *systemic unpredictability*.

According to this model, there are persistent tensions between national and local institutional processes that have the effect — to borrow the terminology used in systematics — of polarizing *morphogenetic* forces (pro-

change) identifiable with local systems, and *homeostatic* forces (pro-stability) identifiable with national systems. In this sense, the “subversive” role of intermediate institutions stems precisely from that constant need to underscore their independence and specificity.

3. The contribution (and limits) of Local Action Groups

Local Action Groups could be considered, in the terminology of Chavis et al (1986), as “community animators”: intermediate agents operating between citizens and institutions, tasked with building a sense of community through the action of local leaders, who can trigger actions planned *by* the territory accommodating the language and the rules typical of Community culture on the one hand, and of the institutions on the other.

The primary mission of LAGs, in effect, is to create a social support network not only between ordinary members of the public, but above all between production companies, trade associations, stakeholders and administrators. With this purpose in view, network experts speak of “strong links” that are conducive to genuine cohesion and positive resolution of conflicts. However, it has been seen that a strongly cohesive group also risks becoming insular, incapable of engaging the community and likely to experience serious difficulty when faced with changes in the surrounding environment. Moreover, groups of this nature tend to exercise regulatory control in an often oppressive manner, with non-compliance on the part of members considered as deviance. In particular, Granovetter (1973) shows that in reality, it is the “weak links” that provide the true engine for change at mesosystem level. According to this author, micro-level and macro-social interactions are influenced by one another, and weak links allow actors to convey suggestions, open dialogue and experiment with ideas in new situations, far more easily than is the case with strong links. We believe that LAGs provide the ideal setting for the creation of these weak links, the more so since business and institutional actors tend to favour organizational styles that are formal, and little

inclined to set up concertation tables. This potentiality, however, is offset by the bureaucratizing tendency to create “egocentred” networks, where partners in the plan have relationships with the LAG more than with one another. In this situation, the network becomes *isomorphic* to the organization of LAGs and *passive* to the extent that it functions merely as an enquiries desk, a bureaucracy consultant. Consequently, LAGs would no longer have the ability to network any bank, municipal office or provincial government department.

To facilitate the construction of weak links, the LAG can count on the nexus of *familiarity* between management and activities in the territory. The fact of being a proximate institution makes the LAG a kind of ‘guarantor’ in relations between entrepreneurs, municipalities and individual citizens. But if on the one hand the activity of LAGs is under constant scrutiny from the beneficiaries of its actions, and from citizens themselves, then on the other, this direct relationship between the LAG and entrepreneurs and politicians can help to strengthen powers already acquired. In short, the LAG could become yet another *élite* lodge through which power is exercised by the local bourgeoisie. In effect, it is no secret that LAGs have become intermediaries for local interests, lying as they do in the middle ground of a complex system of institutional powers (Regional and Municipal), business interests and social and territorial pressures. Thus, they have become a *party between parties*, a crossroads of interests, possessing none of the regulatory powers available to Municipal, Provincial and Regional authorities. They have only the privileges of the intermediary, the *de facto* coordinator of Municipalities having the power to issue measures. This equilibrium undermines the effective “authority” of LAGs and favours strong interference on the part of political and institutional organizations.

Favouring weak links, therefore. But also developing corporate social responsibility, and with responsibility, participation.

In the previous section, we discussed the fundamental role that intermediate institutions can play in mobilizing citizens through a bottom-up process. In the case of LAGs, this opportunity can take on an original and innovative quality, given its particular public-private configuration.

Firstly, LAGs can/must involve citizens especially in the initial stages of *planning* or in the concluding stages, when *evaluating* actions. The aim is two-fold: designing LDPs to meet the economic and social needs of the particular territory, and creating the foundations of an active and innovative citizenry. But, as we know, LAGs are also set up by industrial concerns, trade associations, entrepreneurs, non-profit organizations, etc. Accordingly, participation can occur not only through ordinary members of the public — i.e. individuals or organized groups having no direct economic interests — but also through the mechanism of *corporate social responsibility* (CSR). In effect, businesses are encouraged to adopt sustainable and socially responsible patterns of behaviour (Bansal, 2005; Engle, 2007; Welford and Frost, 2006), considered to be important strategic levers for furthering their economic progress, and for social and environmental development, that is to say *sustainable development* (Elkington, 1997). Under the banner of corporate social responsibility, moreover, businesses are called upon to rethink their role in society, offering themselves as socio-economic agents, contributing to human, civic and social progress of the community. In essence, CSR consists of “integration on a voluntary basis, by firms, of social and environmental preoccupations in their commercial operations and relations with interested parties” (Commission of the European Communities, 2001, p. 2). This definition implies a “social” and “community” value to doing business and is an aspect that epitomizes phenomena such as social inclusion, belonging, trust, cooperation, equal opportunity and active citizenship: processes that move businesses beyond the role of mere socio-economic agents, making them communities marked by solidaristic relationships (Amerio, 2004), focused on building inclusive social networks and promoting wealth (Hutton, 1995).

If, on the one hand, being the member of a LAG means hoping for a direct — or at least smooth — line of contact with the Regional authority or with managers of economic resources, on the other it signifies being part of an enterprise network with a strong community-oriented vocation, seeking to do business in a sustainable and responsible manner. LAGs can therefore provide the arena for this “social contract” between enterprise

and society, whereby businesses become responsible not only for the effects of their policies and actions, but also in respect of their ability to improve the quality both of social life and of the environment in which they operate (Maignan and Ferrell, 2000; D'Aprile and Talò, 2014).

But in our experience, LAGs are too often limited to a participation that is little more than “window dressing”. Citizens have never truly had the power to influence the chain of decision-making, and neither have businesses genuinely set up a network cooperating to secure the wealth of the community and the relaunch of an integrated *masterplan*. With this in mind, it could well be said that the “constraint of participation” has been thought of more as an item to be ticked off on a check-list, than as a true social mandate. And that LAGs are still perceived as “something between local councils and businesses”, with members of the public seen as background noise, or even as possible sources of disturbance.

How is this failure explained? We referred in the previous section to isomorphic tendencies, or rather the tendency of organizations to assume similar management structures or administrative philosophies. In this light we might suppose that, over the course of time, LAGs would have assumed the same implicit rules as those of superordinate structures.

Di Maggio and Powell (1983) describe three mechanisms by which these isomorphic tendencies are engendered: *coercive*, when a given institutional form is imposed by pressure from above — the case, for example, of a national government imposing certain modes of operation on local governments — *mimetic*, when under the stimulus of competition, certain units imitate the organizational formats of other units seen as being successful, and *normative*, when an organizational system acquires legitimacy of itself and is perceived as being the most suitable for addressing certain situations in the estimation of experts or professionals in the sector, who “rubber stamp” its validity whether actually effective or otherwise (Rogers, 1983). The impact of these three mechanisms — compounded by the institutional weakness of LAGs — has been to determine the progressive convergence of organizational models toward a single model: the regional. As a result, the localist, and consequently heterogeneous vocation of Local Action Groups, has been corrupted. The

tendency toward *entropy* — spontaneous, and typical of the territory — has been countered by that *institutional work* deployed at higher levels (Zucker, 1988). And so, in the virtuous conflict between the morphogenetic forces of the LAGs and the homeostatic forces of the Region, it is the latter that have prevailed, leaving LAGs with little other to do than oversee the implementation of measures and procedures.

Participation is a topic of abiding interest not only for the effects produced on economic and social development of the community, but more generally, for the resilience of democracy. The disinterest in participation shown by the institutions, and by single citizens, raises a number of questions as to the vitality of the future that the territories can expect. The measures of intermediate institutions can become a unique setting for the realization of a narrative originating in cooperation and innovativeness, built jointly by parties who feel bound together by a common political and territorial identity. More exactly, a shared narrative (Mankowski and Rappaport, 1995), a united movement by which a group of individuals is transformed into a community.

