

# DIFFERENCES AMONG CZECH LOCAL ACTION GROUPS IN USING SELECTED PRINCIPLES OF LEADER\*

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Local Action Groups (LAGs) are implementing LEADER principles in rural development. The aim of the paper is to create a typology of LAGs in the Czech Republic according to the factors linked to the individual features of LAG and to its organizational background. Four different groups of LAGs emerged: 'stabilized', 'experienced', 'absorbing', and 'well-informed'. In the second step, it is assessed how particular groups fulfill selected features of the LEADER: knowledge transfer and bottom-up approach. We conclude that 'stabilized' and 'experienced' LAGs, which are functioning for longer time and LAGs' manager has longer experiences with LAG operation, have better knowledge transfer than those 'absorbing' or 'well-informed'. This suggests that the rural development is realized by the so-called 'project class'. On the other hand, the most active people cooperating with LAG management are in 'experienced' and 'absorbing' groups.

Local Action Groups, neo-endogenous development, cluster analysis, Ward's method, Euclidean distance



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## INTRODUCTION

LEADER is a multidimensional process, which is searching for accessible linkage of economic, socio-cultural, and environmental objectives (Macken-Walsh, 2011). Basic principles of LEADER correspond to the neo-endogenous development model and are stated in the Regulation (EU) No. 1305/2013: (1) creation of integrated development strategy, (2) partnership between the public and private sectors, (3) bottom-up approach, (4) multi-sectoral implementation of the strategy, (5) innovation, (6) cooperation, and (7) creation of local social networks.

In rural development, the LEADER approach is manifested through local initiatives called Local Action Groups (LAGs). LAGs are actors in rural areas composed of community, voluntary, and commercial sectors. They take particular legal form, but they do not function as typical non-profit organizations. The stress is laid on the communication and collaboration with other stakeholders on issues directed at local development. They are built upon and demonstrate

important impacts of various intangible forms of capital (Lošťák, Hudečková, 2010). The past success of LEADER made it an example of the Community Led Local Development.

Assessment of LAGs operation is not an easy task. The evaluation of LEADER approach cannot be implemented without framing the assessment into larger societal discourse. According to Lopolito et al. (2011), LEADER 'indicates 'how' to proceed rather than 'what' needs to be done'. Therefore, in order to follow the endogenous rural development model 'the evaluation should count not only for the effectiveness of spending, but also for less tangible and locally-rooted effects such as the quality of participative process, the confidence-building process, and the identity-raising of the local community' (Ray, 2006). A majority of authors (the same as we do in our paper) truly follow this idea and evaluate LAGs from the viewpoint of social capital building. For example, Lopolito et al. (2011) combine the quantitative and qualitative point of view. They studied two main aspects of LAGs' operation: (1) success of LAG with implementation

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of the projects in relation to the resources utilization, effectiveness, and efficiency and (2) organization structure of LAG, which contributes to its sustainability that was assessed by social capital.

Many rural studies (e.g. Terluin, 2003; Shucksmith, 2009) discuss the impacts of local (inner) and external (outer) factors on rural development. It is because in the 'global context actors in rural regions tend to be involved in both local as well as external networks' (Terluin, 2003). This indicates that local development forces (endogenous) and supra-regional networks (exogenous) coexist. 'The endogenous and, more recently, the neo-endogenous rural development concepts have conceived the development as a process that arises from within the local areas' (High, Nemes, 2007). The neo-endogenous model does not consider the exogenous and endogenous models as two contradictory concepts but complementarily uses the ideas of both. It continues the idea of the endogenous model in the development referring to bottom-up approach using local resources, while the epithet 'neo' refers to extra local actors (Ray, 2006). The concept of contemporary rural governance shows also similar principles as the neo-endogenous development. It reflects the changing role of the state from centralization to decentralization. This trend emphasizes mutual cooperation of public, private and non-profit organizations (Böcher, 2005). The purpose is to create partnerships between different types of organizations and persons, e.g. in LEADER groups – LAGs (Shucksmith, 2009). However, public authorities in many cases are reserved to LAGs actions. They feel distrust to that LAGs with relatively short history are now contributing to the development activities which had always been the domain of municipalities. (Tima Liberec and DHV, 2010). It might be due to that representatives are not sufficiently familiar with the role of LAGs which is in the supplementation, not in the replacement of rural development activities of municipalities.

Also the purpose of creating LAGs is sometimes misunderstood. For example, surveys in the Czech Republic revealed that some LAGs 'had been founded to be funded' – i.e. to be financially supported from the EU funds rather than to cooperate and create partnerships (Hudečková, Lošťák, 2008).

Despite that LAGs are often seen as an instrument of subsidies, they should mainly represent the neo-endogenous model of the rural development. It is the LAG that is by its essence embedded in a region and oriented on local needs and interests. On the other hand, LAG also uses resources from outside the community and the cooperation on various vertical or horizontal levels is required (Ward et al., 2005). The participation of local actors in the decision-making about their locality, involvement of various sectors in implementation of the local development strategy and cooperation among them is crucial. The process

of strategy creation and its consequent implementation involves actors (players), which know the region well and have a natural 'feel for the game' in the social area of the region. A cultural capital of local people is involved in this way (Bourdieu, 1998). However, abilities, experience or education and the structure and amount of contacts of those actors are not incorporated in the same quantity. It implies that LAGs bring about different amount of human, social, and economic capital to the process. According to the Bourdieu's (1998) theory, the individuals, who own similar capital combinations, occupy similar positions in social space, are possible to be categorized in a particular 'class' (Shucksmith, 2012). There has been a wide discussion regarding the Czech LAGs and the existence of a specific class (so-called 'project class'). Their members possess managerial skills, expertise knowledge, and 'ambition to participate in the rural development especially through projectification' (Kováč, Kučerová, 2006). The mentioned authors label these actors as administrative and economic elite which gains the influence on the allocation of resources in the region. It is still a question, how this project class can fulfil the LEADER approach principles.

Therefore, we examine how particular LAGs fulfil selected features of the LEADER principles: knowledge transfer and bottom-up approach. However, each LAG is different in many factors. Hence, firstly we have to create homogeneous groups of LAGs according to the characteristics linked to the individual features of LAG and to its organizational background.

In the Czech Republic, the first LAGs appeared between 2002 and 2003. Their development was dynamical with 146 of them registered by 2008 (compared to the current number of 182). In the programming period 2004–2006, first ten LAGs were supported by the EU funds and could redistribute the finances for the projects of the applicants living in their regionmm. In 2007–2013, the number of supported LAGs was ten times higher. In the first wave in 2008, 48 LAGs were supported (so-called 'LAG 48' group). In the second wave, 32 LAGs ('LAG 32' group) should have been initially selected, but because of the importance of LEADER approach and the amount of prepared strategic plans, further 32 LAGs were added ('LAG 32+' group).

## MATERIAL AND METHODS

The aim of the paper is to investigate how particular LAGs (particular types of project class) match with the features of the LEADER. For the comparison homogeneous clusters of LAGs should be created. As far as we are concerned, the scholars in the LAG evaluation tend to omit the heterogeneity among local groups. We argue that comparison of differently

Table 1. Characteristics of the individual features of the LAGs (survey questionnaire)

	Minimum	Maximum	Average	Median
Length of the experience of LAG's chief manager with working in LAG (years)	2	7	5.59	5
Length of LAG's chief manager experiences with leadership and organizational activity (years)	0	50	8.18	6
Change of LAG's staff since its foundation (%)	0	100	33.80	27
Monthly sum of wages of LAG (CZK)	10 000	90 000	67 808.22	70 000

source: own data and elaboration

Table 2. Characteristics of the organizational background of LAGs (survey questionnaire)

	Minimum	Maximum	Average	Median
Length of LAGs' existence (months)	51	114	87.27	85
Members of LAG's management ( <i>n</i> )	0	13	3.25	3
Members of LAG's management employed full time ( <i>n</i> )	0	5	1.42	1
Length of preparation for assessment by MoA (hours)	0	200	43.21	32

MoA = Ministry of Agriculture of the Czech Republic

source: own data and elaboration

sized, old, experienced or staffed LAGs can lead to distorted results. Therefore, we created a typology of LAGs in the Czech Republic reflecting individual features of the LAG and organizational background capturing the differences among LAGs.

For the purpose of cluster analyses, factors typical of each LAG which determine its operation are identified in line with the class theory. Other factors include the background of the organization. Normally, the performance capacity of the organization is measured by the experiences of the employees and their motivation. Hence, we utilize analogical indicators. Organizational size is being operationalized using a continuous measure such as number of employees or organizational revenues (Judge, Elenkov, 2005). The number of managers employed full-time or part-time are the observed variables. For example Koberg et al. (2000) treated this variable as one of important determinants of the organizational performance since the time of the LAG foundation.

Individual features of the LAG reflect the characteristics pointing on the 'project class' issue. The chief manager's average length of experience in a LAG was 5.59 years and in leadership and organizational activities it was 8.18 years. Since the LAG foundation, the staff has changed from one third on average. Descriptive statistics related to the factors influencing LAG operation are presented in Table 1.

Organizational background of the LAGs includes the average length of the LAG existence (87.5 months, i.e. 7.3 years, as many LAGs emerged at the beginning of the previous programme period), number of managers in the LAG, and the length of preparation for assessment by the Ministry of Agriculture of the Czech Republic (MoA) (43.21 h on average, which roughly corresponds to one-week working hours).

The descriptive statistics factors influencing LAG operation are presented in Table 2.

Consequently the LAGs were grouped by hierarchical cluster analysis. It is a method for displaying the similarities and dissimilarities between pairs of objects in a set. It minimizes variability within clusters and maximizes variability between clusters. The distances between objects were computed by Euclidean method based on Pythagorean theorem as suggested by Baolin (2012). We used Ward's method which combines the objects whose merger increases the overall within-cluster variance to the smallest possible degree (Mooi, Sarstedt, 2011).

The number of clusters can be established by expert guess, or by the Agglomeration Schedule. We set the number of clusters at 4 prior to the calculation. The clusters were described and named according to the predominating feature of the LAGs inside.

Consequently it was assessed, how the LAGs differ in LEADER features. We focussed on two main principles of this approach: knowledge transfer from inside the LAG to outside and otherwise, and bottom-up approach expressed as a degree of cooperation between LAG and inhabitants. These two principles should be the basis for developing the other features of the LEADER approach. Cooperation is closely linked to the support of social capital. In addition, transfer of knowledge supports dissemination of cultural and human capital. In line with Pecl et al. (2008) and Lošťák, Hudečková (2010) we assessed the LAGs activities in relation to the LEADER features listed in Table 3.

Secondary data were gathered from the State Agricultural Interventional Fund and the Ministry of Agriculture of the Czech Republic. Primary data were gained by questioning all 112 Czech LAGs supported

Table 3. Observed features of the LEADER approach (survey questionnaire)

Involvement of local inhabitants	inhabitants active on their own
	LAG itself active + frequent cooperation with local people
	LAG itself active + rare cooperation with local people
Transfer of knowledge	inspiration from successful projects
	advisory activities (in financial issues, administration, general working issues, and in preparation of projects)

source: own elaboration

from the Rural Development Programme in November and December 2012. A questionnaire with a majority of closed answers was sent via e-mail to chief managers. They could answer it on-line (dotaznik.czu.cz) or in an attached MS Word document. The questionnaire was responded by 87 LAGs. However, only 73 responses (65.2% of the total number of LAGs) could be used, the rest were discarded due to the incompleteness of answers. Data were processed using Stata software (Version 11.2, 2012).

## RESULTS

### LAGs categories

A hierarchical cluster analysis was used to group the LAGs exhibiting the most similar features. Four groups of LAGs were created. The values for each group in each indicator were calculated and compared to the median values for all LAGs. Fig. 1 clearly indicates which group of LAGs in which indicator is above (or below) the median.

### Stabilized LAGs

The first group consists of small LAGs because of management consisting of only 2.8 people and number

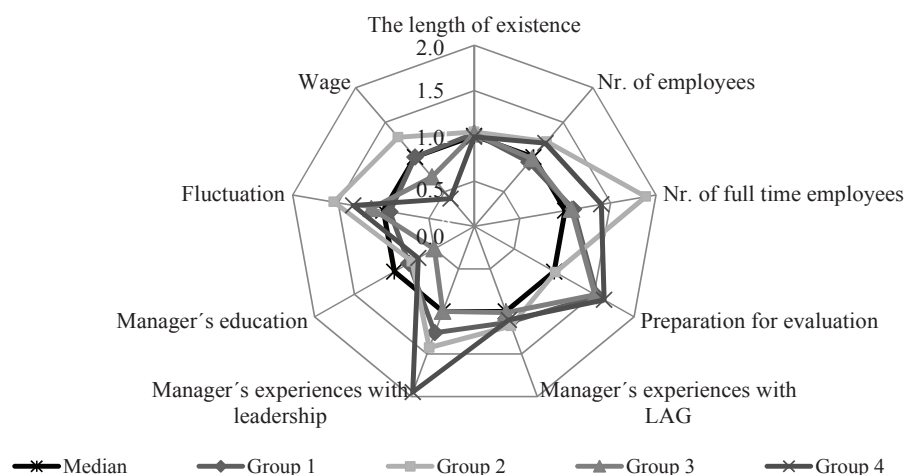
of full time employees is 1.1 on average. The length of preparation for assessment by MoA was relatively high (49.1 h). This may suggest that the LAGs were well prepared, having quite-well experienced manager, too (a 5.6-year experience with functioning of the LAG and a 7.5-year experience in personnel management on average). This group exhibited the highest number of university graduated managers (81.8% on average). Fluctuation of employees was low (since its foundation only 25%) which might be due to a relatively high average wage. These LAGs can be marked from the viewpoint of their functioning as a group of employees with pleasant work conditions and can be described as 'old' and 'stabilized'.

### Experienced LAGs

LAGs in the second group are the most experienced with the longest time of existence (88.7 months on average). They have the biggest administrative capacity in terms of the total number of employees (3.7 per LAG on average) and full time number of employees (1.9 on average). This might be the reason why their successful preparation for MoA assessment took the shortest time (32.5 h on average). Also the longest experience of the chief manager with functioning of the LAG (5.9 years) and with personnel management (8.6 years on average) as well as his/her higher educa-

Fig. 1: Four groups of LAGs in comparison with median values

Source: own data and elaboration



tion (77.8% of managers with university degree) might have contributed to a less time-demanding preparation. On the other hand, surprisingly, the fluctuation of LAG's employees was very high (41.8%) despite that the average wages were the highest. It might be due to the fact that in bigger organizations staff changes are more frequent. This group of LAGs can be labelled as 'old', 'big', and 'experienced', but 'non-stabilized'.

#### Absorbing LAGs

The third group contains younger LAGs (the average existence is 86.8 months) with a lower total number of employees (2.9 on average) and less full-time employees (1.1. on average). The preparation for MoA assessment was quite long (48.4 h), maybe because the chief manager had the shortest experience with LAG functioning (5.1 years on average) as well as with personnel management (6.0 years) in comparison with other groups of LAGs. Also the chief managers' education level was lower in this cluster. Only 50% of them attained the university degree. For these reasons the administrative capacity of these LAGs seems to be lower. Despite that, the average wage was low, the fluctuation was mild (30.6% on average). These LAGs can be characterized as 'younger', 'smaller' and 'non-experienced', in one word 'absorbing'.

#### Well-informed LAGs

The fourth group includes the youngest LAGs (84-month existence on average) of middle size (3.6 employees on average and 1.4 full-time employees on average). The length of preparation for MoA assessment was the longest (52 h on average) in spite of the fact that the chief manager had a 5.5-year experience with LAG managing and even a 11.7-year experience with personnel management. The managers of these LAGs have long-term experience with managing people in other organizations but maybe they should gain more experience

of LAGs functioning. Besides, 70% of managers were university graduated. Fluctuation was relatively high (36.0%), maybe because of low wages (28 000 CZK). This cluster of LAGs can be characterized as 'young', 'experienced', 'non-stabilized', and 'well-informed'.

#### Link to the LEADER features

Consequently, the results of the cluster analyses are related to the selected features of the LEADER approach. We take the results of the cluster analyses and examine differences between LAGs categories in the sense of using LEADER principles in practice.

Involvement of local people means willingness to cooperate in the development of their region and to show active interest in community matters. It supports the creation of social networks, capacity building, and decisions about local strategies. Social networks are supported by knowledge transfer. This is important for cooperation among groups in rural areas.

#### Knowledge transfer

A LAG can be inspired by the ideas from other rural areas and can implement them in their region or the knowledge transfer can be also from inside of local partnership to the outside (a LAG can inspire the others by its projects).

We measured the inspiration from outside to inside by the question on the frequency of being inspired by successful projects of other LAGs. Interestingly, mostly inspired by others are 'stabilized' and 'experienced' LAGs (in more than 80% of cases), already having a long-time experience with functioning of local partnerships. On the other hand, a more frequent inspiration from outside may be expected in the case LAGs of "absorbing" group. However, they were inspired only in 64% of cases. We may conclude that the longer functioning partnerships perceive the importance of learning from the others. They feel the need for contacts

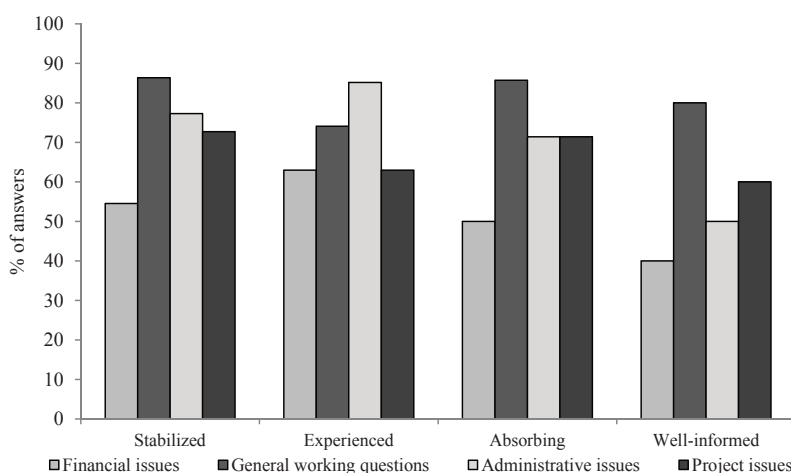


Fig. 2: On which issue do you provide advise to other LAGs?

Source: own data and elaboration

with other regions (extra-local contacts). Hence, they are able to fulfil this LEADER principle in practice.

No significant differences were found among LAGs categories in the number of projects, by which they were inspired in the past. Only in the category of ‘stabilized’ LAGs it was found out that they were inspired by 3.5 projects on average, which is more than in other categories (3 projects on average). This is in line with the above-mentioned finding.

Secondly, the respondents marked in which area they give advice to other LAGs (direction from inside of the LAG to outside): financial issues, general working questions, administrative issues, and preparation of projects. The comparison of LAGs concerning their advisory work revealed no significant differences. Only ‘well-informed’ group of LAGs differed, being asked for various advice by a 10% lower number of partners. This might be due to the fact that the chief manager has on the one hand long-term experiences with personnel management, but on the other, half of this time he spent in other organisations. Hence, he/she needs more experience from partnership, which combines public, private, and non-profit sector in its principles. As can be seen from Fig. 2, mutual advices concerning financial issues are the less frequent. Mostly general questions about LAGs functioning are discussed.

#### Bottom-up approach

Because LAGs are operating in rural areas and are oriented on local needs and interests, they should involve local people in all their activities. This is the only way, how inhabitants can become interested in and co-responsible for the decision-making about their region. Therefore, we also observed the cooperation between local partnership and the local inhabitants

and whether there are differences among the groups of LAGs.

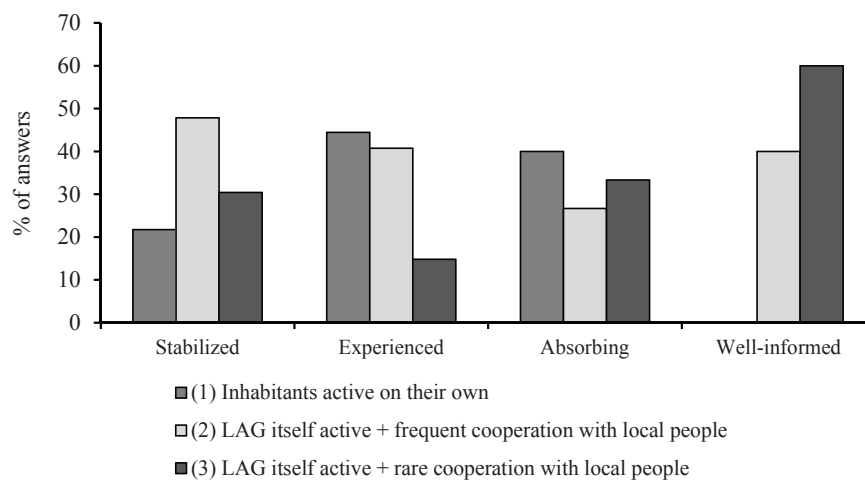
We found differences among LAGs in the degree to which people are involved in development activities. Interestingly, in ‘experienced’ and ‘absorbing’ LAGs there predominate the situations when inhabitants themselves come and initiate activities, which are consequently realized in cooperation with the management of the LAG. This corresponds to the bottom-up principle, where ‘ordinary’ active inhabitants should initiate the actions in their village or area of LAG functioning and the management of LAG should work only as coordinator of these events. Surprisingly, this situation prevails also in ‘absorbing’ LAGs, which showed average or under-average values in the organizational background. On the other hand, in these LAGs there is a relatively high percentage of situations when management must be active itself and people cooperate only rarely.

‘Experienced’ LAGs have found a particular balance between administrative requirements and innovativeness so stressed in the LEADER approach. It is also possible to assume that inhabitants living on the ‘experienced’ LAGs territory got already used to regular activities held by LAGs. Therefore, they come freely with ideas where and how to cooperate.

In ‘stabilized’ LAGs, the cooperation based on frequently held ad-hoc events initiated by the LAGs management predominates. Hence, these LAGs know how the development issues are working and have strictly set when to turn to the local inhabitants so these can get used to cooperation with LAGs. At the same time we may assume that local people do not have too much space to realize their ideas.

Surprisingly, ‘well-informed’ LAGs cooperate with their inhabitants only rarely in the case they are asked by the management. There is a space for the improvement. Similar situation was noticed for

Fig. 3. Do people cooperate with your LAG?  
Source: own data and elaboration



example also in Romania. There was a problem that the local inhabitants did not want to participate in the development of the region. Marquardt et al. (2011) found out that it was especially due to the unwillingness of information dissemination. The results of the analysis are displayed in Fig. 3.

## DISCUSSION

In the framework of the first observed feature of the LEADER principle (knowledge transfer) it can be summarized that ‘stabilized’ and ‘experienced’ LAGs show better values than LAGs from ‘absorbing’ and ‘well-informed’ groups. In other words, the LAGs existing for a longer time and whose managers have a longer experience with functioning of the organization based on the local partnership principles have better knowledge transfer than those functioning for a shorter time and where managers have lower education and shorter experience in the LAG. Our findings are in line with Pelc et al. (2008) who stress the importance of qualified personnel capable of ensuring sustainability of the LAG by realization of projects and commercial contracts and active collaboration with other subjects as two out of four important areas for success. On the other hand, our finding can also imply that the rural development is ensured by ‘experts’ living in the place. It is the issue of the ‘project class’ mentioned in the study by Kováč, Kučerová (2006). This class is considered to be a new elite group. Also Marquardt et al. (2011) noticed the problem of only a limited number of stakeholders accessing the funds. Osti (2000) goes even further and states that LEADER and LAG might be ‘camouflaged forms of the corporatist agreements with certain powerful and well-organized interest groups continuing to establish stable accords with the local organs of public administration in order to monopolize the flow of resources from the centre to the periphery’.

A comparison of LAGs in various categories according to the fulfilment of the bottom-up approach principle brought interesting results. There exist significant differences in the involvement of local inhabitants into the development activities. The most active people live in ‘experienced’ LAGs and surprisingly also in ‘absorbing’ group. The average time of functioning is the shortest in both LAGs, but they are more successful in applying the bottom-up principle. However, there is an ambiguous situation in ‘absorbing’ group. It needs an in-depth survey in the local context of particular LAGs. We may observe that ‘stabilized’ LAGs either hold the development ‘firmly in their hands’ or local inhabitants are not interested in the development activities at all. Local inhabitants are used to cooperate in the events, which are initiated only by the management. This area can be marked as a weak point of the ‘well-informed’ LAGs function-

ing for the shortest time. Participation of the locals is important. As stated by Nardone et al. (2010), it ‘allows the improvement of the skills of both administrative employees and the population in general’. Hence, we suggest the ‘well-informed’ LAGs to apply this LEADER principle approach to a greater extent.

## CONCLUSION

The aim of the paper was to categorize the Czech LAGs (based on factors linked to individual features of the LAGs and their organizational background) and assess how they fulfil selected features of the LEADER approach. The analysis was based on a primary survey which questioned the managers of the LAGs. Firstly, a hierarchical cluster analysis divided LAGs into four homogeneous groups. Consequently the differences in LEADER principles fulfilment between the groups were examined. It was examined to which extent the LAGs in particular groups differ in LEADER principles: knowledge transfer and bottom-up approach.

We came to the conclusion that ‘stabilized’ and ‘experienced’ LAGs are better in knowledge transfer suggesting that their leadership by longer-experienced managers can result in better performance. On the other hand, this situation might imply the establishment of the so-called ‘project class’. Regarding the bottom-up approach, local inhabitants are active on their own in cooperation with the LAG’s management mostly in ‘experienced’ and ‘absorbing’ group. Contrary to that, ‘well-informed’ LAGs have not fully developed this principle yet. Hence, we suggest the management to focus more on this feature.

We cannot exclude a partial distortion of the conclusions because the present study questionnaire was responded by the LAGs’ managers themselves. Therefore, future research should involve more stakeholders in the LAGs’ area in order to gain broader view about LAGs’ impact in the area.

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