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Regions on their way to sustainability: the role of institutions in fostering sustainable development at the regional level

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Abstract Sustainable regional development as a politically requested concept challenges regions within the European Union since the Amsterdam Treaty 1997. A growing body of literature identifies cooperation between stakeholder groups as one of the limiting factors for implementing sustainable regional strategies. This leads to the question, how cooperation within a region could be organised. How can institutions support the implementation process of sustainable development on the regional level? Regional institutions are both supporters of cooperation between regional stakeholders and key players in regional development processes. Their connections strengthen the importance of networks in the sustainable regional development process.

Keywords Sustainable regional development · Regional institutions · Cooperation · Knowledge · Social capital

1 Introduction

Sustainable regional development is one of the core topics relevant for regional policy within the European Union since the Amsterdam Treaty (1997), followed by the

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This paper presents the institutional landscape that is concerned with sustainable development at the regional level in Austria. The overall analysis is based on a questionnaire survey about regional institutions followed by a detailed case study analysis. The paper ends with findings on the cooperation potential and presents limiting and promoting factors for regional institutions.

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Gothenburg Strategy (2001). Its implementation is one of the most important challenges for both the European Union as a whole and each member state (Baker et al. 1997). In this context, the local and regional level becomes more important for both research and policy. Indicators such as a lower level of complexity, directly involved and well-known stakeholders and knowledge of strengths and weaknesses form a specific cooperative climate in the regions, which supports the implementation of sustainable regional strategies. The regional level provides a cooperative milieu where stakeholders know each other and have 'insider' knowledge about the region and its ability to manage future challenges. Sustainable development requires such a cooperative milieu, where participation and empowerment are key elements. These key elements show different qualities along certain scales. The local and regional level seems the most appropriate scale for cooperation but often lacks suitable organisational settings. If as argued above cooperation is a key factor but also one of the limiting factors for implementing regional sustainable strategies, then the question arises of how cooperation may best be organised within a region. Cooperation between different stakeholder groups is greatly hindered by conflicts caused by trade-offs. In conjunction with these conflicts the question arises if there are any specific stakeholders in the region that are able to cope with such conflicts. How should these stakeholders be organised in order to support the region in implementing sustainable regional development strategies, which is one of the most urgent European regional policy goals? In addition, the original goal of European regional policy in general and especially of EU structural fund policy was to strengthen less developed regions within the Union in order to be competitive. When considering how to fulfil both goals—sustainable regional development on the one side and competitiveness on the other side—the following research questions need to be discussed:

How could these two divergent regional policy goals be reached? What are the most effective instruments for supporting these strategies? Do institutions play a role at the regional level?

This contribution focuses on the latter research question and the results will lead to a picture of a potential institutional landscape supporting sustainable regional strategies. Section 2 supplies the theoretical background for the analysis on sustainable regional development and regional institutions. Section 3 describes the applied methods and the data basis for the research, followed by Sect. 4, dealing with the main results of our study. Section 5 outlines conclusions based on these results combined with statements about the cooperation potential and a summary of limiting and promoting factors for regional institutions.

2 Theoretical background

2.1 Sustainable development

Using the concept of sustainable development implies the crucial question of providing a suitable definition. There are several coexisting definitions available but the most cited one is the one of the Brundtland Report: "…development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs" (WCED 1987, p. 43). There are some components that can be found in almost all definitions of sustainable development: intergenerational and intragenerational justice, careful treatment of resources and preservation of the production basis, preservation of biodiversity, perpetuation of economic existence and stability (Quendler and Schuh 2002,

p. 195). The definition of the United Nation Environmental Program (UNEP) covers two additional key factors "quality of living" and "carrying capacity" (IUCN/UNEP/WWF 1991): "Sustainable Development means improving the quality of human living within the carrying capacity of the supporting eco-system". As Schubert and Schuh (2004, p. 284) pointed out, improving the quality of human living is a more demanding postulate than the mere satisfaction of needs covered in the Brundtland definition. Finally, the European Commission need to be quoted in order to specify sustainable development for cEuropean policy. The following definition is part of the proposal of the Gothenburg European Council (EU Commission 2001): "Sustainable development requires dealing with economic, social and environmental effects in a mutually reinforcing way".

Besides the discussion of the definition the most observed weakness of the concept is the one putting sustainable development into practice (Atkinson et al. 2007) which, e.g. Peter Nijkamp (1997, p. 3) formulated in the following manner: "The rising popularity of the notion of sustainable development has increasingly provoked the need for an operational (i.e. practical, measurable and policy-relevant) description or definition of this concept." One strategy is to measure sustainable development at different scales—i.e. local, regional levels, economic sectors and corporations (Nijkamp 1997; Bradbury and Rayner 2002; Quaddus and Siddique 2004; Atkinson et al. 2007).

Before narrowing down to different scales, the key problem of substitutability between human-made and natural capital needs to be discussed in order to evaluate sustainable development. There are two schools of thought coexisting that are dealing differently with the question of substitutability—weak and strong sustainability (Daly 1994). Weak sustainability includes substitution of natural capital with human capital with the aim of keeping capital as a whole intact over time, whereas strong sustainability postulates maintenance of critical natural capital and biodiversity (for a complete overview see Baker 2006, p. 30f). As Baker (2006, p. 33) pointed out, policy promotes weak sustainability in order to remain economic growth. Weak sustainability allows assessing natural capital in monetary values. Price is used as a signal of emerging resource scarcity (Solow 1974; Pearce et al. 1989; Pearce and Turner 1990). Solow (1974) postulated a complete substitution. From this hardcore economic point of view, (neoclassical growth paradigm) natural resources have no intrinsic value and natural and human-made capital are substitutes (Hartwick-Solow approach—see Hussen 2000, p. 181ff.). Georgescu-Roegen (1971, 1987) and Daly (1973, 1996) both proponents of strong sustainability used thermodynamics and ecological principles to demonstrate the existence of ecological limits (see Hussen 2000, p. 159ff.). They argued that natural and human-made capital are complements and the availability of natural resources will be a limiting factor to continued economic growth (ecological economics and safe minimum standard (sms) approach see Hussen 2000, p. 186ff.). Daly (1996, p. 77) provided simple examples for complementarities: "What good is a saw-mill without a forest, a fishing boat without populations of fish, a refinery without petroleum deposits, an irrigated farm without an aquifer or river?". Catching up with this example Daly (1996) and other proponents of strong sustainability assume a stock and flow transformation process, which means that natural capital (i.e. natural resources) is an input value (flow) in the production process to produce stocks of human-made capital (i.e. constructions, machinery, buildings, etc.). The major difference between weak and strong sustainability is the position of economic development and growth. Proponents of the weak sustainability approach see economic development as a precondition for environmental protection and those promoting strong sustainability argue that environmental protection is a precondition for economic development (Baker et al. 1997).

2.2 Sustainable regional development

"Debates about local and regional development have shifted from a focus on the quantity of development to a concern with its quality. Initially, this involved a focus on the impact of economic development on the natural environment and the constraints this placed on development,…" (Pike et al. 2006, p. 3). The former neo-classical approaches to local and regional development are mainly concerned with disparities in regional growth, which determines regional income and economic and social welfare. This refers to the neo-classical growth theory of local and regional convergence, where spatial disparities will theoretically converge upon an economically optimal equilibrium (Pike et al. 2006, p. 62ff.). But over the past 50 years the focus of regional economic development has "moved beyond the need to generate more employment, industries, infrastructure and housing. Increasingly, economic development is focused on improving the total well-being of people in communities and the environment in which they live." (Stimson et al. 2006, p. 413).

With respect to the neo-classical growth theory it seems manifested that the most important criteria for assessing the regions' performance are economic development and growth. Regional development in the European Union is therefore traditionally defined in terms of growth and prosperity. The EU structural funds focus on strengthening economic growth and competitiveness, which are the core goals formulated in the Lisbon Strategy (2000). Additionally, the European Union agreed upon an EU strategy for sustainable development—the Gothenburg Strategy (2001)—which was renewed for an enlarged EU in 2006. On the one hand, this strategy can be seen as a counterpoint to the Lisbon Strategy as it focuses on contradictory objectives. On the other hand, it can also be interpreted as a complementary strategy. Besides economic and social renewal, in the core goals of the Lisbon Strategy, the integrative approach of the sustainability strategy complements the third dimension of the environment. These rather contradictory goals are intended to be harmonized on an EU wide scale, which is expressed in the guidelines of the EU Impact Assessment: "We should make policy choices that ensure that our various objectives are mutually reinforcing. Actions that promote competitiveness, growth and jobs, as well as economic and social cohesion and a healthy environment reinforce each other. These are all essential components of the overarching objective of sustainable development, on which we must deliver (COM 2005b)". Additionally, following the European Regional Policy agenda both strategies need to be fulfilled at the regional level if a sustainable pathway is to be successfully fostered. The former structural funds period of 2000–2006 had a clear focus on sustainable regional development, yet the question of implementing sustainable pathways remains an urgent political issue at the European level. This underlines the importance of linking regional policy with sustainability goals. As the Commission (COM 2001, p. 4) agreed upon overcoming the main threats to sustainable development "new approaches to policymaking and widespread participation" on different spatial levels are required.

There has been much interest among the scientific community, especially scholars from regional science and geography, in the question of how to operationalise the concept of sustainability at the regional level since the early 1990s (e.g. Nijkamp et al. 1992; Giaoutzi and Nijkamp 1994; Hardy and Lloyd 1994; Spehl 1995; Hesse 1996; Thierstein and Walser 1997; Gabriel and Narodoslawsky 1998; van Geenhuizen and Nijkamp 1999; Schleicher-Tappeser et al. 1999; Thierstein and Walser 1999; Nijkamp and Vreeker 2000; Vonkeman 2000; Morgan 2004; Zuindeau 2006; Gaube and Sedlacek 2007; Lengauer 2007). A huge number of authors are mainly focussing on spatial aspects of sustainable development which does not necessarily imply the regional development view.

In order to find an adequate definition of sustainable regional development, the regional development process needs to be highlighted. Looking at the European level, it is obvious that regional development is not a standardised process and depends on whether a federal or a centralised system is implemented. However, traditional regional development follows a strict economic strategy of maximising economic yield which can be defined as regional economic development and can therefore be seen as a contradictory strategy compared to sustainable development. Stimson et al. (2006) provide a detailed overview about the existing definitions of regional economic development while they are arguing that "all too often economists are concerned with seeking to maximize economic yield, rather than looking for new approaches to achieve sustained development and to pursue sustainable development that attempt to generate benefits from economic development for people and business in communities or regions and at the same time seek to reduce the long-term impacts of excessive environmental consumption" (p. 4). Finally, they offer their own definition of regional economic development which is "the application of economic processes and resources available to a region that results in the sustainable development of, and desired economic outcomes for a region and that meet the values and expectations of business, of residents and of visitors" (Stimson et al. 2006, p. 6). Having this definition in mind the dimension of regional policy comes into consideration. McCann (2001, p. 257) maintains that "regional policies attempt to improve the relative attractiveness of investment in less developed regions" which was indeed the original goal of EU-regional policy as mentioned above but has changed since the Amsterdam Treaty (1997). The fact that European regions should implement sustainable development as it is postulated by policy asks for re-organisation of the regional development process. In order to adapt regional strategies regional development plans need to be extended. Such extensions require an inventory in order to find out strengths and weaknesses (SWOT-analysis) which allows adapting development goals. Vonkeman (2000, p. 73ff.) argues that such a problem oriented approach helps to define sustainability criteria and indicators on a regional level (indicator based sustainability approach—see also Nijkamp et al. 1992; Giaoutzi and Nijkamp 1994; Lawn 2006). Nijkamp et al. (1992, p. 41) maintain that sustainable regional development should ensure an acceptable level of welfare, which can be sustained in the future and should not be in conflict with sustainable development at a supra-regional level.

Besides, this indicator based approach, the so-called process related governance approach (e.g. Thierstein and Walser 1997; Gabriel and Narodoslawsky 1998; Hardy and Lloyd 1994; Schleicher-Tappeser et al. 1999; Dobson 2007; Van Huijstee et al. 2007) needs to be addressed. This approach can also be linked to the question of the role of endogenous forces in regional economic development (see Karlsson et al. 2001) as far as "the capacity of institutions are viewed as absolutely crucial components in regional economic development" (Stimson et al. 2006, p. 319). Key-drivers for sustainable development are participation and empowerment which embraces the governance debate. There are several definitions of governance used in political science but they are all similar: "Governance refers to self-organising, interorganizational networks characterized by interdependence, resource-exchange, rules of the game, and significant autonomy from the state" (Rhodes 1997, p. 15). Kjaer (2004) provides a detailed overview of the several coexisting definitions and comes to the following summary: "In sum, at this point we can say that governance refers to something broader than government, and it is about steering and the rules of the game "(p. 7). She argues that these definitions "grow out of a focus on institutions and institutional change"(p. 7), which underlines the importance of institutional aspects in general.

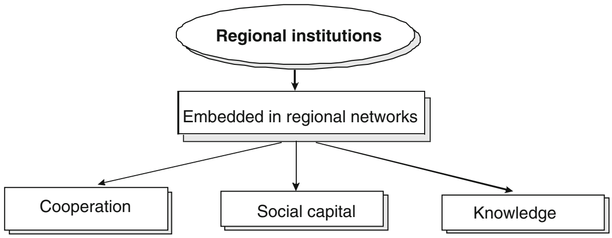

Fig. 1 Regional institutions

2.3 The role of regional institutions

This paper focuses on institutions and their role in fostering regional development processes aiming at sustainability. In this context, a growing body of literature deals with the following two propositions (see Fig. 1):

(1) Regional institutions are key players in regional development processes. [Learning regions, regional networks]
(2) Regional institutions support cooperation between regional stakeholders. [Social capital]

We assume that institutional actors at the regional level are embedded in regional networks and have specific knowledge about regional circumstances, which is important for fostering (sustainable) regional development (see Fig. 1). This implies that institutions on the regional level need to be studied first. There are several approaches coexisting in the literature, e.g. historical institutionalism, rational choice institutionalism, sociological institutionalism, normative institutionalism or international institutionalism (see Kjaer 2004, p. 7). Kjaer (2004) summarises that these approaches follow two assumptions about human behaviour, one rational and one sociological. Elinor Ostrom (1998a, b) claims that all individuals are constrained by cultural values and norms and behaviour is therefore "rule-bound". In this context institutional analysis needs to identify the rules that are relevant for the political phenomenon under study. Institutions are therefore often seen as informal requirements and norms. Kjaer (2004, p. 9) identified two key questions in institutional analysis:

- How do institutions affect political behaviour?
- How do institutions emerge and change?

Within the context of sustainability the question of institutional reforms arises (Minsch et al. 1998). Here policy analysis (Heritier 1993) comes into consideration and provides essential criteria for such reorganisation processes. Loehman and Kilgour (1998) provide an overview of different approaches for institutional reorganisation in environmental and resource economics. One of these approaches is the institutional analysis development framework (IAD) developed by Elinor Ostrom (1998b), which is used for the analysis of this paper: "The focus of the Institutional Analysis Development (IAD) framework is on how rules, physical and material conditions, and community attributes shape action arenas and incentives faced by individuals, and hence how these conditions combine to determine outcomes".

Having the assumption in mind that regional institutions are key-players in regional development processes the connection to other regional players and the importance of networks comes into consideration. Huggins (1997) differentiates between three important and interrelated network models: (1) Information networks as the most simplistic models; (2) innovation networks as the most interactive and complex models that are difficult to implement; (3) in between these two are knowledge networks, which have become a key instrument in regional development. The use of the network as a unit of analysis allows for the inclusion of non-conventional economic agents and for the evaluation of their role in the creation of regionally relevant knowledge. Kogut et al. (1993) argue that the structure of a network entails more than a description of information flows and is in fact an expression of the knowledge that influences the capability of individual actors. The authors define knowledge as "know-how regarding cooperation" (p. 77). "Information of the network consists of identifying cooperation partners and their capabilities" (Kogut et al. 1993, p. 77).

Knowledge as one important prerequisite for regional development varies in terms of its diffusion capacity. Specific knowledge about regional circumstances can be defined as tacit knowledge, which Howells (2002, p. 872) subsumed as "disembodied know-how that can only be diffused via learned behaviour and procedures". Tacit knowledge is diffused through personal interaction and social networks and shows a kind of "location dependence" (Hauser et al. 2007, p. 76). In contrast, codified knowledge is extremely formalised and "does not require direct experience of the knowledge" (Howells 2002, p. 872).

The embeddedness of regional institutions facilitates cooperation between regional stakeholders, which is an important element of social capital. The concept of social capital "refers to features of social organisation, such as trust, norms, and networks that can improve the efficiency of society by facilitating coordinated actions" (Putnam 1993, p. 167). Putnam (1993, p. 170) argues that social capital, *"like trust, norms, and networks is ordinarily a public good, unlike conventional capital, which is ordinarily a private good"*. His argument stresses the general problem of undervaluing public goods, which effects their manifestation. Social capital is therefore often a "by-product" (Putnam 1993, p. 170), which "tends to be self-reinforcing and cumulative" (Putnam 1993, p. 177), as soon as it is produced. Morgan (1997, p. 149) states that "the significance of routines and conventions for innovation and economic development generally is summarised in the concept of social capital". MacLeod (2000, p. 221) argues that concepts which focus on economic and social relations to help facilitate interactive learning, innovation networks, institutional thickness and social capital "can be seen to follow the codes of an earlier doctrine of endogenous growth" (Sabel and Piore 1984) and "new industrial spaces" (Scott 1988)". Nevertheless, the role of institutions is crucial in all of these concepts.

A holistic concept that emphasizes most of the above-mentioned theoretical concepts is that of learning regions. The concept of learning regions goes back to the 1990s, when increasing globalisation processes created a demand for regional solutions and the concept of learning regions was elaborated. As Florida (1995, p. 528) points out, "learning regions function as collectors and repositories of knowledge and ideas, and provide an underlying environment or infrastructure which facilitates the flow of knowledge, ideas and learning". Rutten and Boekema (2007) provide an overview of relevant articles (i.e. Storper 1993; Florida 1995; Asheim 1996; Morgan 1997) on learning regions that originated from different disciplines and are based on three main concepts that overlap: regional learning, clusters and networks and institutions of innovation. In their understanding, regional learning *"highlights the process of learning and the spatial dimensions of this process"* (Rutten and Boekema 2007, p. 4). Cluster and network studies provide insights into the organisational aspects of learning and those on institutions of innovation define the supporting infrastructure for learning and innovation (Rutten and Boekema 2007, p. 4). They argue that these three concepts overlap and this cutting area covers "the learning region". They link the learning region concept with embeddedness (Granovetter 1992), which turns the focus onto actors and their social relations.

The concepts described above all have in common the importance of institutional actors and their ability to foster (sustainable) regional development. Our empirical analysis follows these arguments and will shed light on the institutions' ability to initiate and foster (sustainable) regional development.

3 Methods and databases

The overall analysis presented here is based on a questionnaire survey about regional institutions in Austria. Our first step involved designing an email-based questionnaire for different regional institutions (see Gaube and Sedlacek 2007). On the one hand, we focused mainly on 'new' institutions founded after Austria's accession to the EU in 1995, which target regional development with a strong focus on sustainable development, i.e. regional management agencies and local action groups (LAGs). Both function as regional stakeholders and are strongly connected to EU regional policy. On the other hand, we addressed established institutions, which are directly linked to specific industries such as the chambers of commerce, which in turn are usually integrated into an umbrella organisation. The empirical results presented in this paper focus on 'new' institutions and include some comparative statements from established institutions at specific points. The full sample covered 95 'new' institutions, of which about 60% responded. The sample of the established institutions was rather small (10 institutions) and the return rate was extremely low (20%). The presented study and the results stem from a project that took place in 2002 and 2003, thus the situation of the regional institutions as described and discussed here holds validity for the period at least until 2003.

The questionnaire is structured into four thematic parts. Firstly, members of the regional institutions are asked about aspects of their organisational background such as structure, budget, staff and characteristics of their organisation. The second part includes questions on the most important projects and activities in which they are engaged, while the third section asks whether and in what form the addressed regional institutions cooperate with other institutions. The fourth and final section deals with a very general description of tasks, visions and their individual definition of sustainable development. One major result was the emergence of a picture of the institutional profiles and some indicators about their ability to support the region in implementing sustainable regional strategies. The questionnaire-based survey functioned as the basis for the detailed institutional analysis. To obtain a concrete and more comprehensive picture of the institutions' activities and their embeddedness in development processes in the region, a detailed case study analysis was conducted. This paper combines the results of the survey and the case study data. In accordance with our research design, a case study is defined as a detailed interview-based analysis of those regional institutions concerned with regional development tasks and with a direct link to EU programmes (e.g. the distribution of EU structural fund money). We conducted four case studies in four different provincial states in Austria—i.e. Vöcklabruck regional management agency (Upper Austria), Voitsberg regional management agency (Styria), Mittelkärnten regional management and LAG agency (Carinthia) and Südburgenland LAG agency (Burgenland). Our interview partners were the managing directors of these institutions. Only in the case study of Mittelkärnten, two other stakeholders—the director of the planning department of the provincial government and a representative of an economic funding institution ("Kärntner Wirtschaftsförderungsfonds")—were interviewed in addition to the regional manager. The results of these interviews provided further information for the particular case study. Beside the interviews for all four case studies, supplementary material including regional development strategies and detailed project information served as additional sources for the analysis.

In terms of methodology, we designed concept-based interviews ("konzeptbasiertes Tiefeninterview", Lamnek 1995), which are based on an integrative concept but individually conducted and in which the concept is based on the main research questions. The duration of each interview varied from between one and two hours and the recorded interviews were transcribed for the purpose of analysis.

4 Results and discussion

The analysis focussed primarily on the institutions' contribution to fostering sustainable regional development. As noted above, the so-called 'new' institutions are largely integrated in regional development processes and fulfil the purpose of fostering sustainable regional development. The main research question deals with the organisational features and the scope of activities of these institutions on their own and within the regional innovation system in the form of cooperation activities with other, mainly established, institutions.

4.1 Organisational characteristics

About 70% of the new regional institutions were founded immediately after Austria's accession to the EU in 1995. Consequently, most of these institutions were established with structural fund money from the former period (2000–2006). More than 80% of the regional institution types are operated as non-profit associations and the majority are individually organised, while the remaining institutions are independent parts of umbrella organisations (e.g. federal provinces). In two-thirds of all regional institutions, the number of staff members, identified as one of the critical key factors in terms of evaluating the institution's activity profile, ranges between one and five staff members. The majority of managers for these institutions come originally from the respective regions in which the institutions operate. Half of all regional management institutions must manage their operations with an annual budget of under €200,000. In the context of the fields of activities discussed below, this average budget seems rather small and raises the question of whether these institutions are sufficiently well equipped for such manifold activities.

The main providers of the budget for these institutions come originally from the EU, federal provinces and the municipalities. Only 3% of the budget is funded by the federal government. The establishment of the new regional institutions is especially organised and supported by the federal governments as well as by the EU.

4.2 Fields of activities

In terms of the projects they had initiated and developed, the regional agencies assessed regional and local projects to be the most important ones. This correlates with the responsibility of the geographical unit 'region'. The projects undertaken at the cross-border level represent a rather small sample. Altogether, more than 60% of all projects take place in the locality (at the local and regional level), a fact which underlines the importance of local stakeholders. The project concepts and the projects themselves are in most cases worked out in cooperation with regional actors, which seems logical in terms of the function of these agencies as regional development actors but which does not clearly correlate with the assessment of the acceptance and the integration of these agencies within the particular regions. Other regional actors, like municipalities, companies or even citizens, who are actively involved in the initiation process of projects, are not engaged in organisational matters or in the implementation process. This implies that project management and controlling tasks are mainly in the hands of the agencies, which underlines

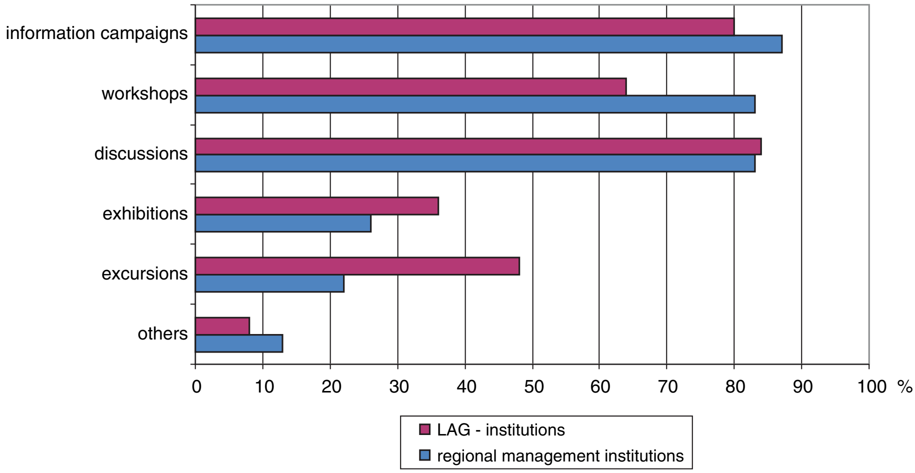

Fig. 2 Main activities of the institutions under study

their regional key function. These catalysing and supervising tasks are concentrated within the regions and seem therefore to be directly controllable by the provincial governments—confirmation is required in the form of specific evaluation projects which are now obligatory, e.g. regional management evaluation in Styria in 2004.

The variety of activities undertaken by these institutions is impressive (see Fig. 2) and shows that financial support is the critical variable for success. In most cases, activities depend on EU structural fund money. Nevertheless, in contrast to projects, activities such as information meetings, discussion groups, workshops in the region, exhibitions and so on are mainly supported by the federal provinces, the EU and the municipalities, but rarely by the federal government. Regions that are rarely if ever able to apply for these funds are clearly handicapped in terms of attaining their regional goals. This is a factor that becomes more important if the current structural fund period (2007–2013) is not to be as lucrative as it was for many regions during the previous funding period (2000–2006). Provincial governments will be faced with difficult challenges of how to overcome these financial shortfalls. This development also includes funding programmes for cross-border activities such as EUREGIO. The main problem concerns the lack of capability for initiating independent fundraising campaigns together with the rather low level of interest among private corporations for investing in regional development. Regions without access to European Union funds need to define regional development strategies that offer clear advantages for firms investing in the region where they are located—some examples of which are detailed in the sample.

4.3 Embeddedness of the institutions in the region

The target groups of the institutions under study range from single stakeholders in the region to institutional units within and outside the regions in question, in particular citizens, tourism bodies and the manufacturing and farming industries (see Fig. 3). The target groups mentioned above were clustered within two groups of single actors—citizens and companies—to evaluate the target group's acceptance and support from the regional institutions' point of view in relation to average levels of acceptance and support. There is

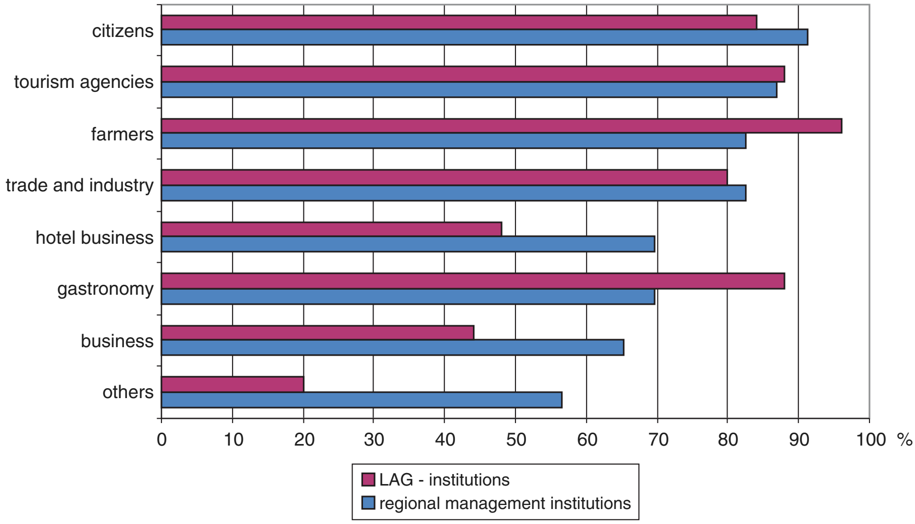

Fig. 3 Target groups

a discrepancy between the assessment of the participation of regional projects and the general acceptance. In the case of almost every agency, a strong correlation was indicated between the status of their acceptance and the time that had elapsed since they were first established. Directly after their foundation, such agencies had rather weak acceptance rates in their region. There are several reasons responsible for this uniquely sceptical climate in the regions.

First of all, the "new" regional institutions were founded as the so-called 'fifth wheel on the car', because almost every region had several regional agencies, which we were able to define as established institutions and which were charged with responsibilities that partly overlapped. These institutions and their target groups had no interest in the creation of a type of supervising institution, which resulted in a rather low participation rate. Secondly, the status of these 'new' institutions was not as clear as it should have been. There appeared to be a strong fear of having a kind of controlling presence in the region and this was strengthened to some extent by inadequate information and communication activities on the part of the provincial governments. As a consequence, a competitive atmosphere between the regional institutions was indicated. Regional actors represented by these institutions were uncertain of their value and were therefore not as enthusiastic as might be expected.

A further reason for the lack of confidence was the lack of provision of an overall strategy plan for these 'new' institutions on the part of the provincial governments. This had a major impact on projects during their start-up phase. The agencies had no 'best practice' examples available to them, which would have been highly important in terms of gaining acceptance. After completing the first successful projects, the agencies obtained increasing acceptance, which in turn had a positive impact on cooperation and support. The increasing number of cooperation projects with other institutions already in existence helped them to overcome the huge scepticism of the regional actors.

Participation and acceptance is also low where regions are well developed. In such regions, the demand for improvements is comparably low. This makes it extremely hard to communicate the necessity of sustainable strategies along the three dimensions economic, social and environment. An example of such a situation is provided by the region of Vöcklabruck—one of the case study regions—which cannot be defined as disadvantaged. By contrast, Voitsberg (a case study region) can be seen as a completely different type of region having experienced tremendous structural problems over a long period of time (since the steel crisis in the mid-1980s). In such a region, the need and demand for structural changes is comparatively high. The case study region of Südburgenland has a rather long tradition of pursuing environment-oriented strategies—i.e. in the field of renewable energy. Nonetheless, seen comparatively, these three regions do demonstrate similar levels of participation and acceptance for regional institutions although the conditions vary significantly from one region to another.

Integration in the region is a rather specific variable, which clearly depends on the level of acceptance enjoyed by the institution within the region and on the number of successful projects it has undertaken. A rather weak level of integration in almost every case demonstrates a correlation between a low level of acceptance and support for established institutions which are already operating in the region, are fully integrated in their sector and are acting in competition with the ‘new’ institutions. A high level of integration is mainly linked to the ability of the institution to strike a good balance between intra- and inter-regional networking, with the agencies that have attained a high degree of integration also carrying out a high amount of inter-regional networking.

Therefore, integration increases over time and also as regional actors gain increased knowledge about the projects and activities of newly formed regional institutions. Examples are Voitsberg and Vöcklabruck, two regional institutions at different stages of development (Voitsberg was founded in 1996 and Vöcklabruck in 2001). Voitsberg has made the experience that acceptance is increasing gradually in the aftermath of successfully completed projects (“best practice projects”, see above), whereas Vöcklabruck had no completed projects at the time of data collection.

The fact that most of the institutions included in the study are rather small units with between one and five employees and an overall annual budget of between €100,000 and €200,000 indicates that these organisations are equipped with very limited resources, particularly when considering the range of activities which the institutions are charged with undertaking. Furthermore, these new institutions have to cooperate with many different actors, which indicate the essential flexibility of the new regional organisations. The fact that most of the regional institutions act as ‘one (wo)man shows’ on one hand provides clear benefits for the region, because the regional manager becomes personally well known and as such, someone in whom regional actors are more likely to place their trust. On the other hand, the limited resources embodied in a single person restrict the activities in which the regional manager is able to be involved. The results of the case studies suggest that both the regional and the LAG managers are sometimes overloaded with the tasks expected of them. For example, the regional manager of Mittelkärnten has to coordinate the targets of what were originally three regions and which have formed the single region of Mittelkärnten since 2001. In addition, the provincial government of Carinthia began an assessment of all regional agencies in the provincial state in 2002. As a result of this assessment, the regional manager is expected to carry out more meetings and above all to cope with greater pressure, which has resulted in the Mittelkärnten regional manager’s time resources being stretched to the limit. By contrast, the Vöcklabruck regional management agency, founded recently in 2001, manages a relatively small number of consulted projects and at the time of the survey in 2002, the regional manager seemed to have sufficient resources, when compared to other regional management agencies in Austria.

4.4 Long-term perspectives of the institutions and their activities

The overall vision for the future of these regional institutions needs to be divided into two interdependent perspectives. On the one hand, strengthening the core location factors by creating more jobs, increasing competitiveness and employing specific specialisation strategies, e.g. strengthening tourism were mentioned (i.e. hard core regional development factors). On the other hand, the institutions included in the study identified a huge potential for encouraging regional stakeholders to be actively involved in the regional development process (governance factors). There are major differences between the regions in the study. For example, the region of Vöcklabruck is not classified as an Objective 2 region and therefore the regional manager is not entitled to apply for structural fund money. This supports the hypothesis that such regions are forced to find alternative financial resources and that this makes them more independent from European funds.

Finally, the questionnaire listed a large number of keywords, and asked the regional managers to choose the three notions which they most closely associated with the term 'sustainability'.

The results, shown in Fig. 4, seem rather atypical for the mainstream interpretation of the sustainability concept in terms of three dimensions—economic, social and ecological. The ecological factors are over-represented in relation to the type of projects in which the regional institutions are involved. A first analysis of the project lists clustered in six categories—social, social/economic, economic, economic/ecological, ecological, ecological/social—results in a strong bias in favour of projects with a primary focus that is social or social/economic. In comparison, projects with an explicitly ecological focus are very rare. The results afford a general interpretation of sustainability with a long-tem perspective, which is only one aspect within the concept of sustainable development. Although the regional and LAG managers know that sustainability includes a focus on environmental tasks, the projects and activities are more concentrated on achieving economic and social improvements in the region. One explanation for this could be that the willingness of local actors to cooperate with the regional management agency increases, as

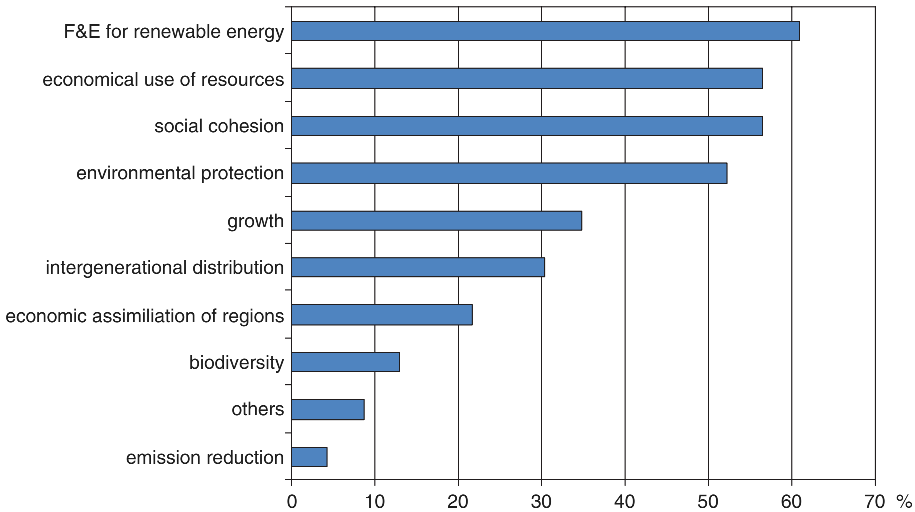

Fig. 4 Associations with the term 'sustainability'

soon as there is a realistic opportunity for economic initiatives and advantages as a result of project activities.

5 Conclusions

This paper presents a kind of ‘screen-shot’ of the institutional landscape that is concerned with (sustainable) development at the regional level in Austria. Both regions and institutions are dynamic elements in such development processes and are evolving continuously. Cooperation is stated to be one of the key factors in fostering a sustainable pathway at the regional level, which strengthens the role of institutional actors as they can be seen as the key players in regional development alongside political authorities. Our empirical analysis pursued these arguments along two lines:

- Does any cooperation potential exist?
- What are the limiting and the promoting factors for regional institutions?

The potential for cooperation can be measured in terms of the institutions’ operational tasks, including both general activities and specific projects. The latter connects local and regional stakeholders under the overall responsibility of regional institutions, which gives them an important status. However, looking at the origins of the project funding, there is a strong bias towards EU structural fund money which can be seen as a weakness in so far as this entails an increased risk to funding supplies as changes occur to the priorities in allocating funding across Europe. Therefore, any future vision must include new forms of fundraising campaigns and new financial tools, e.g. public private partnerships (PPPs), which strengthen the linkage between the private sector and public authorities (governance approach).

In order to classify regional institutions as key players in regional development, we focused on those features that describe their cooperative and integrative status. Based on our analysis we sorted out two decisive features that have both a positive and a negative impact on the institutions’ key player role:

1. Regional institutions act mainly as sole actors
2. The degree of acceptance in the region

Table 1 covers these two fundamental features that have a direct influence on the institution’s work and on their success.

We identified a concentration on sole actors, who are responsible for the performance of the institution as a whole. In terms of managing regional networks, this may be seen as having clear potential for gaining trust within the region as the persons involved become well known

Table 1 Features describing the cooperative and integrative status of regional institutions

Feature	Impact	
	Positive impact	Negative impact
Sole actors	Potential for gaining trust	Risk of losing competencies if this person leaves post
Acceptance	Growing over time and dependent on good practices	• Status not clear • Competencies not clear • Institutional overload

in networks in the region (positive impact, see Table 1). At the same time, dependence on a single person is risky in as far as the region loses competencies if the individual leaves the post (negative impact, see Table 1). Meanwhile, acceptance is an essential asset which supports the development process but needs to be maintained over time (positive impact, see Table 1). There appeared some empirical evidence of regional institutions in our sample, which were relatively young in terms of their foundation and had major problems to convince other stakeholders, specifically citizens, to participate or even to attend meetings or events. Therefore, their status was not clear which has a negative impact on the institutions' acceptance. Furthermore, we identified an institutional overload which has clearly a negative impact insofar as regional stakeholders are not well informed about different responsibilities and tasks of these various coexisting institutions (see Table 1). There are some details clearly weakening the amount of acceptance which are originated in the organisational framework as listed in Table 1. On the one side, the "new" institutions were founded as a kind of 'fifth wheel on the car', which made it extremely difficult to differentiate between the pre-existing institutions as long as the status of these "new" institutions was never defined clearly. Many regional stakeholders were extremely sceptical about these institutions and had the fear of having a controlling presence in the region. On the other side the competencies were also not clear (see Table 1), which made it rather hard to rely on their capabilities of supporting the region (lack of best practice projects especially at the beginning).

Finally, the question of integration needs to be addressed in order to shed light on the institutions' ability to foster long-term cooperation activities. What are the supporting and limiting factors for integration in the region?

- The integration of 'new' institutions ('fifth wheel on the car') depends strongly on them receiving the acceptance and support of pre-existing institutions. If those pre-existing institutions are not part of the network built by the newer arrival, the process of integration suffers.
- There is an identifiable correlation between the geographical scope of networks and integration. Those institutions that achieve a good balance between intra- and inter-regional networking are more integrated, while the converse is also true.
- The degree of integration depends upon the type of region (see also Zuindeau 2006, p. 2). Older industrial regions with structural problems, such as Voitsberg in our sample, show a higher degree of participation and acceptance. Regions (e.g. Vöcklabruck in our sample) that are well developed normally have little or no demand for economic, social and environmental improvements, a fact that affects the integration of regional development institutions in such regions.
- The "new" institutions do not have a clear vision about sustainable development, which has to be assessed as a clear weakness. Most of the projects focus clearly on hard core economic and social improvements and disregard the environmental aspects. One assumption coming out of our analysis could be that the willingness of local actors to cooperate with the regional institutions increases as soon as a clear economic focus is communicated and proposed for specific projects. This is a clear link to the discussion in Sect. 2, where regional development and growth were originally identified as one of the most common assessment criteria for the regions' performance. Regional actors need time to modify their focus to a more sustainable habit. Another fact that underlines this limiting factor is the educational background of the regional managers, which mainly have a background in economics and therefore tend to focus primarily on growth. In order to define common skills for regional managers it would be interesting to provide a training programme focusing on governance and sustainability.

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