



# Participative Management in the Framework of a Local Action Group

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**Abstract:** *The main European policy for rural areas is the Common Agricultural Policy (CAP). Regarding the involvement of local communities, CAP, through the LEADER program, contributes to the promotion of a community-led local development strategy, supporting development projects initiated at the local level by Local Action Groups. For good functioning and achieving high efficiency, LAGs resort to the implementation of participative management in the organization. In the presented work, we propose to analyze the importance of participative management within an organization of this type - LAG "Eremia Grigorescu 1863" Galati and the contribution to the establishment of new businesses, the promotion of tourism, the creation of jobs, which lead to the sustainable development of rural economy in the South-East Region of Romania. The involvement of the LAG staff in the decision-making process led to the enrichment of the level of culture and professional training of the employees, facilitating the achievement of remarkable results in terms of the association. We used the Multi-criteria Analysis to check the way of making decisions within the Local Action Group.*

## 1. INTRODUCTION

Agriculture has been the focus field of numerous researchers, from areas both locally and abroad. Agriculture fulfills the same functions regardless of the geographical coordinates where it is located. The general definition of the concept of common agricultural policy can be formulated in different forms. The CAP constitutes the set of legal measures of execution and administration that directly or indirectly influence the conditions for the achievement and valorization of agricultural production to improve production and the standard of living of agricultural producers within the Community. The agricultural policy constitutes the set of interventions of the member states of the European Union in influencing the factors of demand and supply of agricultural and food products (EU Regulation, 2021).

The LEADER program (Links between actions for the development of the rural economy) was designed to support the sustainable rural development of the community following the CAP reforms (Schmied, 2022). Regarding the involvement of local communities, CAP, through the LEADER program, promotes the local development strategies led by the community, supporting the development projects initiated at the local level. The LEADER initiative introduced two main innovations:

1. the territorial approach by and for the local population was an empowering factor of the local society and a means by which strategies and actions in the countryside can be conceived and implemented;
2. LEADER offers a tool for carrying out such tasks, namely the Local Action Groups (LAG).

The LAG is a group of partners from the public and private sectors: municipalities, associations, citizens and private structures, located in rural areas who are responsible for implementing an

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organized development strategy in accordance with the European Leader program. Generally, the LAGs manage considerable European funds and have a primary role in rural development (Menconi et al., 2018, p. 14). Through the European Agricultural Fund for Rural Development, a LAG can request financial assistance in the form of subsidies for the implementation of the Local Development Strategy of its territory.

The main objective of the local development strategies is to provide support to the respective rural areas, especially through the implementation of small-scale projects (Guth et al., 2022, p. 235). Through this approach, LAGs can better target the needs and priorities of their territory. For good functioning and achieving high efficiency, LAGs resort to the implementation of participative management in the organization (Pollermann & Fynn, 2021, p. 948). The main criteria, which emphasize the need for the development and adoption of participative management, are based on the significant evolution of associated private properties that led to the implementation of institutional methods of involvement in management.

Participative management represents a modern managerial style and system. But this can only be promoted if all the actors have the same interests, regardless of their personal and professional status. The existence and awareness of common interests favor the manifestation of the initiative and creativity of each participant in carrying out managerial actions. According to Bezede (2017), “Participative management is characterized by a series of features, among which the following stand out: the active participation of the institution's employees in the exercise of the management process; the involvement of a large number of people in the exercise of the monitoring and evaluation function; the active participation of all interested parties when adopting decisions of major importance” (p. 11).

Andresescu and Panaitescu (2023) consider that “Participative management can be seen as a tool for improving the efficiency of companies and for establishing harmonious relations; as a device for the development of social education; for solidarity, between the work community and for the valorization of latent human resources; as a means of achieving industrial peace and harmony leading to greater productivity and increased output; as a humanitarian act to give the worker an acceptable status within the labor community and a sense of purpose in activity; and an ideological device for the development of self-management in the industry”.

Participative management is also successfully used at the level of territorial collectivities, where joint decision-making will ensure a series of advantages such as the substantiation of strategic and tactical decisions, the achievement of strategies in complex areas of the organization's activity, as well as the valuing of training at a higher level, the experience, the initiative of the specialists involved. This refers to the public-private partnership inherent in LAGs, how partners are involved, and how LAGs make decisions and work (Pisani et al., 2017).

According to Edelenbos and Klijn (2006), “Process management emerges as the most important condition for good and satisfactory outcomes” (p. 436). Pandeya (2015) found that “Citizen participation is usually considered to be an important mechanism for achieving development gains, strengthening local accountability, and empowering citizens” (p. 67).

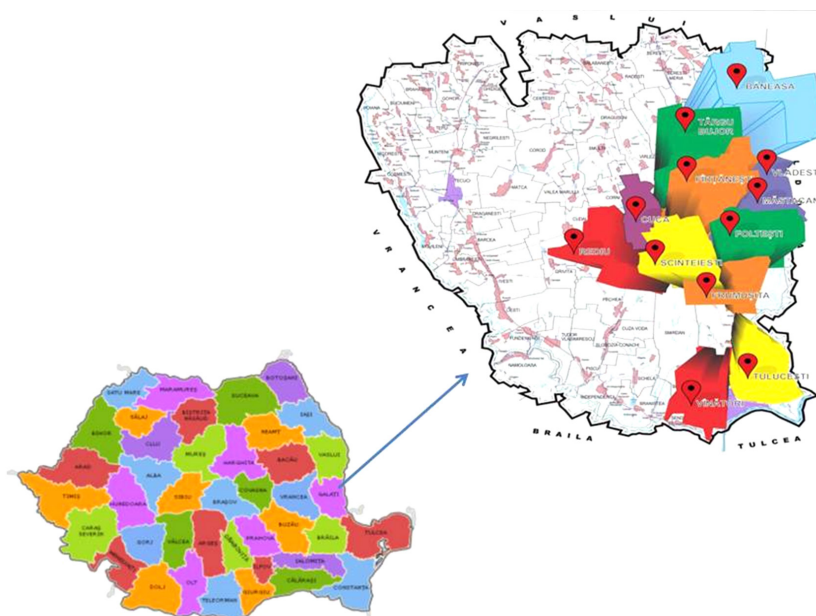
This use of participative behavior as an open transformational tool aligns with that of Albert and Hahnel (1991) regarding the theory of participative economics - an economic system based on participative decision-making.

Due to the significant influence of stakeholder groups, decision-makers must take stakeholder interests as an essential factor in decision-making and implementation. Stakeholders indirectly control and influence decision-making and play an indispensable role in preventing the abuse of power, facilitating legitimate and justified decisions to assume social responsibility (Zhaodi, 2022, p. 127).

According to Serrano and Esparcia (2023) “The LEADER program and linking actors to it, either through aid or different structures (such as LAGs), clearly help in evolution and current results, which can be considered a success of European rural development programs, as they contributed to improving the relational cohesion of both actors and territories” (p. 24).

## 2. CASE STUDY. THE DECISION-MAKING PROCESS WITHIN THE LAG “EREMIA GRIGORESCU 1863” GALATI

The study area is the LAG “Eremia Grigorescu 1863” Galati (Figure 1). This area is located in Galați County, the South-East Region of Romania. The LAG territory is made up of 12 Territorial Administrative Units (TAUs), respectively: the city of Targu Bujor, the communes of Vanatori, Tulucesti, Frumusita, Scanteiesti, Cuca, Reditu, Foltesti, Mastacani, Firtanesti, Vladesti, Baneasa.



**Figure 1.** Study area - LAG “Eremia Grigorescu 1863” Galati

**Source:** Own processing

The territorial area of the LAG is homogeneous, but insufficiently developed, with high potential in improving agricultural activity concerning private initiatives that can contribute to local social and economic evolution.

The objectives of the local development strategy LDS of the LAG concern the development of participatory processes for the enhancement of the quality of the local productions and the distribution of the benefits to the entire territory of the LAG (<https://www.galeg1863.ro/>). The GAL is made up of 39 members, of which 12 are public partners and 27 are private partners.

We have analyzed the way of decision-making within the LAG, using multi-criteria analysis (MCA) to facilitate the decision-making process regarding the choice of projects that will be

financed by the association. Evaluating and prioritizing the projects based on multiple criteria provides a structured approach to decision-making, taking into account different dimensions and weighing the importance of alternatives, providing a more comprehensive and informed decision.

In this research, the AHP (Analytic Hierarchy Process) process for ranking projects, methodology from the multicriteria analysis developed by Saaty (1980, 2008), supported the LAG members to assess and compare systematically and logically several criteria and alternatives to arrive at a well-structured decision.

The process involves the following stages:

1. Define the problem and criteria:
  - a. Decision Problem - Select the best project option among A, B, and C;
  - b. Criteria:
    - i. Project objectives;
    - ii. Project risks;
    - iii. Maturity of the project;
    - iv. Alignment with the LAG strategy.
2. Create a hierarchy:
  - a. Project Options (Option A, Option B, and Option C);
  - b. Criteria (project objectives, project risks, project maturity, alignment with the LAG strategy).
3. Pairwise comparisons

The decision-makers now need to compare the importance of each criterion in terms of the main objective (Project Evaluation) and the importance of each project option linked to each criterion. They will use the relative scale from 1 to 9 for these comparisons:

- 1 - Equal Importance,
- 3 - Slightly more important,
- 5 - Moderately more important,
- 7 - Significantly more important,
- 9 - Extremely more important.

The decision-makers provide the following pairwise comparisons (Table 1), assuming the following comparison matrix for the criteria, where the values represent the relative importance of the rows compared to the columns.

**Table 1.** Comparison matrix for the criteria

	Project objectives	Project risks	Maturity of the project	Alignment with the LAG strategy
Project Objectives	1	3	3	5
Project Risks	1/3	1	1	3
Maturity of the Project	1/3	1	1	3
Alignment with the LAG strategy	1/5	1/3	1/3	1

**Source:** Own calculations

4. Calculate priority weights

Using the AHP calculations, the decision-makers obtain the priority weights (Table 2), for the criteria:

**Table 2.** Priority weights

Criteria	Project objectives	Project risks	Maturity of the project	Alignment with the LAG strategy
Priority Weight	0.434	0.204	0.204	0.158

Source: Own calculations

### 5. Check consistency

After calculating the priority weights, the decision-makers should check the consistency of the comparisons. If the consistency ratio is within an acceptable range (e.g. less than 0.1), the comparisons are consistent.

### 6. Aggregation and synthesis

Now the decision-makers can evaluate the project options based on these criteria, rating each project (Table 3), on a scale from 1 to 10 for each criterion (higher values being more favorable):

**Table 3.** Rating projects

Project Options	Project objectives	Project risks	Maturity of the project	Alignment with the LAG strategy
Option A	8	4	7	9
Option B	7	6	6	8
Option C	9	3	8	7

Source: Own calculations

To calculate the overall scores for each investment option, the decision-makers multiply the ratings with the corresponding criteria weights and sum up the results (Table 4):

**Table 4.** Overall Score

Project Options	Overall Score
Option A	7.138
Option B	6.750
Option C	7.256

Source: Own calculations

### 7. Select the best investment

Based on the overall scores, the decision-makers can see that Project C has the highest score (7.256) and is the most favorable option. Therefore, according to the AHP analysis, Project C is the recommended choice.

## 3. FUTURE RESEARCH DIRECTIONS

The decision-making process may involve more criteria, alternatives, and data gathering to make a well-informed investment decision. AHP helps structure the decision-making process and provides a rational basis for the final choice.

This paper can be expanded and detailed further in the future, considering the development of a good practice guide that would be effective for evaluators of projects/investments proposed for funding. At the same time, how the principle of partnership is applied by LAGs for the development of SDL may be worth further investigation through monitoring and/or evaluation.

## 4. CONCLUSION

The development of rural areas in Romania is quite low compared to what rural areas mean in European Union countries that have benefited from funding through the Rural Development Program since 1991 when the measurement began.

The Local Development Strategy of the “Erechia Grigorescu 1863” LAG, Galati falls within the European policies regarding rural development by addressing all relevant dimensions - economic, social, cultural, and environmental. The general objective of the strategy is balanced and innovative rural development by ensuring the long-term development and economic, social and cultural stability of the territory that forms the LAG in interconditionality with the protection and conservation of the environment and landscapes, maintaining soil fertility, ensuring habitats and biodiversity, preservation of traditions and cultural heritage.

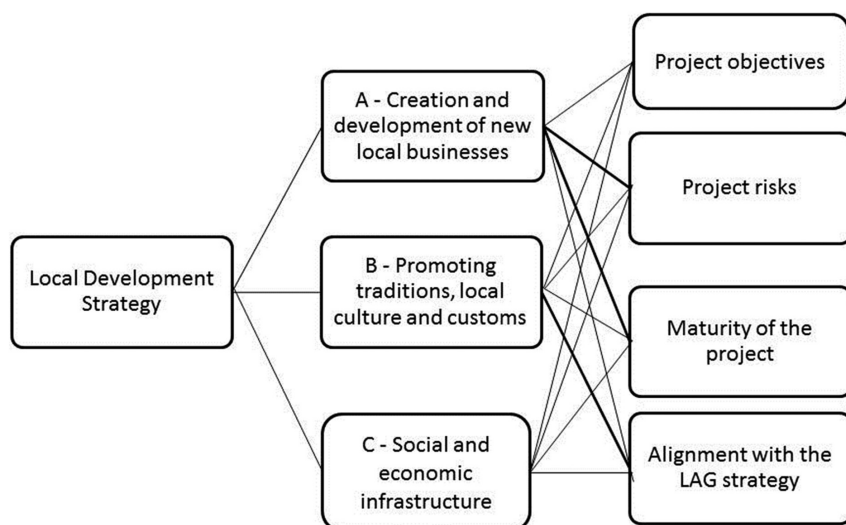
Among the main tasks of the LAG according to the EU status and regulations, we mention:

1. strengthening the capacity of local actors to develop and implement operations, including promoting their project management capacities;
2. designing a non-discriminatory and transparent selection procedure and objective criteria for the selection of operations, avoiding conflicts of interest;
3. ensuring, during the selection of operations, the coherence with the local development strategy placed under the responsibility of the community, by giving priority to the operations according to the contribution made to the achievement of the objectives and targets of the strategy;
4. monitoring the implementation of the local development strategy placed under the responsibility of the community and the supported operations and carrying out specific evaluation activities in relation to that strategy.

For the evaluation of the three types of projects financed by the LAG through the measures of the Local Development Strategy, the Selection Committee appointed to make the decision, applied the AHP method, according to the stages presented above. The financing plan provided in the LDS considers the financing of projects for the following priorities: Option A - Creation and development of new local businesses, Option B - Promoting traditions, local culture and customs or Option C - Social and economic infrastructure.

The criteria used to make the decision: Project objectives, Project risks, Maturity of the project and Alignment with the LAG strategy and the awarded points led to the assessment of project C as the optimal variant for financing (Figure 2).

The AHP methodology helps prioritize components by assigning relative weights to criteria and alternatives. This prioritization allows decision-makers to focus on the most important factors, leading to more effective decision outcomes. AHP includes a consistency check to ensure that the judgments provided by decision-makers are consistent and logical, helping to reduce cognitive biases and increase the reliability of the decision-making process. The methodology also provides a transparent framework for decision-making, making it easier to communicate the reasoning behind a decision to stakeholders. The methodology used is useful for group decision-making as it provides a structured approach for aggregating individual opinions and preferences, allowing for consensus building among group members by facilitating discussion and clarifying differences in viewpoints.



**Figure 2.** The Decision-making for project evaluation

Source: Own processing

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### Additional reading

[https://agriculture.ec.europa.eu/common-agricultural-policy\\_en](https://agriculture.ec.europa.eu/common-agricultural-policy_en)

<https://www.galeg1863.ro/>

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