

# TERRITORIAL GOVERNANCE AS SYNERGIC CAPITAL IN THE DEVELOPMENT OF LOCAL LATIN AMERICAN PRODUCTION SYSTEMS

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Reception date: 03/15/2023 – Approval date: 06/06/2023  
DOI: <https://doi.org/10.36995/j.visiondefuturo.2023.27.02.006.en>

## ABSTRACT

Based on the recognition of the challenges that have led to a paradigmatic shift in the logic of managing territorial development strategies and the theoretical assumptions generated around it, this study delved into the understanding of territorial governance in Latin American contexts by analyzing the intangible capitals present in local productive systems. The hypothesis was that a positive cohesion of these capitals in a governance scheme would allow for the activation of development processes in the system. After a critical and analytical investigation of the theoretical postulates and available experiences, it was concluded that governance, as a management model, is key to stabilizing intangible capitals in complex productive systems such as those in Latin America. The activation of synergistic capital in these systems is hindered by constant "short circuits," so strengthening these capitals through collaborative governance is essential to improve coordination and transparency in decision-making and thus generate territorial development processes.

**KEY WORDS:** Territorial Development, Intangible Capitals, Territorial Governance, Latin American Local Productive Systems.

## INTRODUCTION

The global socioeconomic transformations of the last century have generated changes in regional productive fabrics, posing new challenges to societies and a constant search for alternative development paths (Albuquerque et al., 2008).

The concept of economic development of the 1990s, which presupposed a strong dependence on the flow of external financial resources as a means of boosting the domestic economy, is being transformed into new paradigms such as territorial development (TD), which recognizes the territory as a key actor in the generation of well-being, based on the valorization of its endogenous resources and capacities (Costamagna and Alfaro, 2015).

The territorial approach, based on its epistemic and theoretical foundations, recognizes territory as an essential component in intervention, planning and management processes. It is understood as part of a "spatial whole" where diversity, relationships and interaction between actors, interdependence between material and immaterial dimensions and the scenario where



local productive systems are developed are manifested (Dallabrida, Rotta and Büttenbender, 2021).

Consequently, the TD is conceived as the expected result of society-nature relations, as the utopia of the people involved in the processes of collective action that occur in the territories (Dallabrida, 2020, p.74). A process that arises from the constant interaction between productive dimensions and the management of the territorial dynamics of its actors, typical of its governance model (Torre, 2020).

In view of this, development theorists such as Vázquez Barquero (2005), Albuquerque (2008), Costamagna and Alfaro (2015), have considered that the organization of local productive systems (LPS) are fundamental in the process of capital accumulation, and their progress depends largely on the proper management of the endogenous factors that make up the territorial patrimony (Costamagna and Alfaro, 2015).

In this process of LPS development, territorial governance (TG) acquires a relevant role by acting as a catalyst of the intangible capitals inherent to the territorial system, playing a synergistic role in its progress (Boisier, 2012).

Given the above, it is essential to deepen the approach to the relationships between LPS and governance, the factors that drive their systemic functioning and their practical application as a strategy in favor of rural development (Meza Palma, 2021), considering that there are still few studies on how collective and individual decisions are built in a territorial context and how they manage to coordinate efforts in the conformation of effective models of territorial progress (Torres Salcido, 2018).

Latin American LPSs are relevant to analyze these problems due to the historical subordination of these systems to the global economy and current challenges, such as the fight against social inequality and climate change (Calix and Blanco, 2020).

Although governance is considered a model of territorial co-management, its practical application in rural development processes remains abstract and diffuse due to the complexity of interactions and conflicts inherent to the historical evolution of territories (Herrera Martínez, 2020). This raises the question of whether TG can act as a synergistic factor in LPS development processes in the Latin American context, and whether the intangible capitals present in these systems are determinant for TG to influence as a synergistic factor to such development processes.

In this sense, the present study is inspired by the theoretical postulates of TG and carries out an exhaustive analysis of the functioning of LPS integrated by small productive units in the Latin American context. The objective is to investigate the importance of recurrent intangible factors in the management of these systems, which become synergistic capital for TD processes.

Based on the recognition of the challenges that have driven a paradigmatic change in the way of managing TD strategies in LPS, the initial hypothesis of this study is that the cohesion generated by the intangible agents present in LPS, within the framework of the TG, acts as a synergistic capital in the development processes in the Latin American context, allowing them to face the challenges of today's globalized world in a more autonomous manner.

Therefore, the study begins by analyzing in depth the concepts of TD and TG from an epistemic perspective, examining the thinking of the main referents in the field. We seek to understand how and why contemporary theorists define and explain the epistemological shift in the conception of these concepts, as well as to understand how TD is understood within a productive system and what are the implications of TG in such a system.

Subsequently, we seek to question the theoretical assumptions from "praxis" by analyzing experiences of implementation of TG strategies in LPS in Latin America, with the objective of identifying the intangible factors of their organization and operation that act as synergistic capital of the TD processes, testing the theoretical foundations.

The experiences were selected based on a convenience sampling, selecting relevant cases of sugar and coffee LPS from El Salvador, Colombia, Honduras, Brazil and Argentina; integrated by small productive units, whose organization is based on TG schemes. The critical-analytical deepening is carried out under the logic of grounded theory (Strauss and Corbin, 2016), which allows the formulation of a new set of postulates from constant comparative analysis (Murillo, 2008).

Thus, starting with the review, codification, and comparative analysis of information from studies, reports, and interviews with key referents of the experiences, it is possible to analyze those intangible agents emerging in the LPS, which are part of their TG and are reflected in the indicators and constructs proposed by Boisier (2004) as intangible capitals and their relationship with the socioeconomic and productive territorial effectiveness. The information generated allows the construction of new postulates that seek to respond to the initial hypothesis.

## **DEVELOPMENT**

### **The epistemic evolution of Territorial Development**

As Boisier (2005) points out, the concept of development is more axiological than epistemological in nature, which has led to a growing subjectivity in its definition and, often, to a "tautologization" of it, generating confusion. The truth is that there is no single definition of development, although it can be affirmed that it is a process that seeks to improve the conditions and quality of life of the people living in each territory. It is a generic concept that

requires not only specific territorial conditions, but also policies and the participation of territorial stakeholders (Albuquerque et al., 2015).

This conception can be understood as a set of endogenously generated capacities, linked to the organization of agents and institutional quality in the territory, where exogenous impulses are complemented and inserted into a previously organized territorial system (Madoery, 2008).

It is evident that the definition of development has undergone a series of transformations over time, going from conceiving it as something "acquired" through the endowment of physical capital, knowledge, and resources, to a perspective in which development is "generated" from the capacities of local actors (Vázquez Barquero, 2005, p.38).

This evolution is manifested, as Boisier (2008) points out, in the coexistence of two social processes of change that occur in the communities and determine the position and insertion of the territory in larger contexts, as well as the level of social satisfaction of its population. These processes are, on the one hand, the constant and systematic expansion of the material base and its capacity for economic growth; and on the other hand, societal development, that is, the creation of conditions conducive to the transformation of the human beings who inhabit that territory into "human persons with greater social awareness"; a process that shows the possibilities and obstacles to achieve their own individual fulfillment, that is, how close or far society is from reaching its full potential.

Concepts linked to "societal" development are under review worldwide, both by academics and international organizations, to recover the axiology of development and the values that define it, aspects that were relegated under the reductionist thinking of modernity (Boisier, 2012).

**Development as "economic growth".** In its genesis, the concept of development was associated as a post-war topic, referring to the principles established in the Atlantic Charter (1941) by Churchill and Roosevelt, which stated that "peace lies in the enjoyment of economic and social security by all free men throughout the world, and they therefore commit themselves to seek a world order that will make it possible to achieve these objectives once the war is over" (Boisier, 2001, p.50).

From its beginnings, development was mainly associated with the economic aspect and the concept of "growth" (Solari et al., 1976, p.91). This reductionist vision was characteristic of a context of modernity, which sought to eliminate imprecision, ambiguity, and contradiction in the conception of the object (Guba and Lincoln, 1994; Vasilachis de Gialdino, 1993) by consecrating a fundamental principle: the "natural" reproduction of societies (Lechner, 2002, p.18).

However, the rejection and critique of the uniform and rational models of modernity opened the way to a diversity of conceptual approaches to development (Madoery, 2008).

**"Other views of development from Latin American thought.** From its initial conception and for more than two decades, development was considered synonymous with growth, and its measurement worldwide was mainly associated with the measurement of gross domestic product per capita (PBI pc). However, in 1970, the economist Dudley Seer provoked a revolution in meaning when he stated that development is a normative concept "loaded with value judgments" whose source of value lies in the realization of human potential in each person (Boisier, 2005).

The United Nations (UN), through the Economic Commission for Latin America and the Caribbean (CEPAL), made the analysis of development a priority issue, seeking to diagnose the obstacles to development in each country. In the midst of the disputes between Ricardian versions of growth and Keynesian analysis of the economy (Dallabrida, 2010), two alternative theories emerged and gained prominence worldwide. The first is Prebisch's 1949 dependency theory, based on the center-periphery duality and the asymmetric distribution of power and capital, associated with the profitability of products according to their origin and their impact on differences in value added. The second is Furtado's equity theory, in 1968, which identifies the factors that limit the development of third world countries and establishes that international trade tends to aggravate the poverty of peripheral countries (Ubilla-Bravo, 2017).

In this context, Sunkel and Paz (1999) in the text: "Latin American underdevelopment and the theory of development" of ECLAC, review approaches to development, classifying them as: (i) development as growth; (ii) underdevelopment as a stage (Rostow), in which development is conceived as a succession of stages from the most primitive to the most modern: (i) development as growth; (ii) underdevelopment as a stage (Rostow), in which development is conceived as a succession of stages from the most primitive to the most modern, that is, to the ideal of industrialization and; (iii) development as a process of structural-global change, in which there is a succession of structural reforms in the role of the State, the modalities of external financing, education and agricultural property. This current is known as "Cepaline structuralism" (Boisier, 2005).

Within this framework, several authors agree that economic growth has been the main theme of the North, while development has been the preferred theme of the South, led by the UN and its agencies CEPAL and ILPES (Boisier, 2012).

**Development from the Institutional and Cultural conception.** If in the modern era the problem of development was interpreted from an economic perspective, the reaction to this reductionism allowed the emergence of other interpretations (Madoery, 2008, p.38). Among these perspectives is the institutional view of development proposed by Guillen (2007), which

argues that the political and institutional performance of societies is key to development. According to Huntington (1972), in a context of political instability, economic development is not viable. In addition, the contributions of the neoinstitutionalist school (Williamson, 1985; North, 1993) provide a notion of institutions that are understood from a dual perspective: as "rules of the game" that regulate the behavior of individuals and organizations, and as public and private entities that intervene in the collective life of the community through formal and informal institutions.

Regarding the cultural approach, Putnam (1993) argues that differences in the development of peoples are based on their capacity for collective action, that is, on their social capital.

**The "human" vision of development.** Two decades after the first reductionist concepts of development and the heterodox responses to it, the United Nations Development Program (UNDP), inspired by authors such as Amartya Sen, Mahbud ul Haq, Richard Jolly and others, introduces a new meaning of the concept and a way of measuring it through the human development index (HDI), which considers social dimensions such as quality of life, longevity and level of knowledge, in addition to economic variables.

In relation to this, human development is understood as the process of expanding the range of people's options, providing them with greater opportunities for education, health care, income, and employment, and even has to do with the total of human options, from a physical environment in good conditions, to political and economic freedoms (UNDP, 1992, p.18). According to Sen's (2000) definition, the analysis of development requires an integrated understanding of the respective roles of institutions and their interactions, as well as the formation of values and the evolution of social ethics.

UNDP argues that human development differs from previous approaches in that it does not consider people as mere means of production, but as the ultimate goals of development. This approach recognizes people as active participants in development, not only as beneficiaries, which implies that the concept of human development goes beyond the approach of satisfying basic needs and is more comprehensive than the economic growth approach. This new conception generates a reevaluation of the "intangibles" of development (Madoery, 2008).

**Social, subjective and relational aspects of development.** In Boisier's (2012) reflection, the historical difficulty of defining development lies in its subjective, complex and axiological nature. From a modernist perspective, this has led to its immediate "reification and quantification" to facilitate its understanding. Thus, historically, development has been confused with the accumulation of material goods and it is rarely recognized that what should be relevant is the improvement of social situations and processes.

Pírez (2005), in analyzing local societies, argues that three structuring processes shape a society: accumulation, domination and necessity. However, there is a fourth logic subordinate to these three processes: knowledge. Accordingly, Arocena (2001) points out that three major systems of action interact at the local level: the political-administrative, the entrepreneurial and the socio-territorial.

In this sense, Castells' (2007) conception of "network society" cannot be overlooked, where the logics of production, experience and power are intertwined at the territorial level, which can favor or hinder the achievement of development.

Lechner (2002) emphasizes that the capacity of a society to intervene in its own development depends on its self-image of itself. Therefore, a development that does not promote and strengthen trust, recognition and collective meanings may lack, in the short term, solid support from society (Guell, 1999).

In conclusion, the success of a development program will depend on the degree to which people perceive it and strengthen their collective subjectivity (Madoery, 2008).

**From the endogenous conception of development to Territorial Development.** The socioeconomic, technological, and political transformations of the late 20th century have had an uneven impact on the socioeconomic structures of the regions, in a context characterized by complexity, uncertainty, growing competition and institutional change (Vázquez Barquero, 2005). In response to this scenario, the endogenous conception of development arises, which is related to the capacity of local communities to use their territorial potential and face the challenges of a specific historical moment (Dallabrida, 2010).

The endogenous development paradigm, as highlighted by Vázquez Barquero (2005), considers economic growth as a process characterized by uncertainty and randomness, conditioned by the changing characteristics of the market and the decisions of the actors. On the other hand, he recognizes that development processes are produced because of public and private investment decisions, as well as the location of companies, which affects the specificity of their resources, the accumulated technical knowledge and the flexible forms of organization of production in the local community, the latter being the protagonist and not simply the recipient of the decisions of external agents.

Becattini (2006) points out that what is specific to the endogenous development model is that the forms of organization of production facilitate the flexible use of local, institutional, and entrepreneurial resources, making it possible to take advantage of external economies of scale that remain hidden and to reduce transaction costs. Thus, the forms of organization of productive units and their relationship with other institutions in the territory play an important role in the processes of accumulation and development (Vázquez Barquero, 2005, p.45-47).

In summary, endogenous development occurs because of a strong process of

articulation of actors in which the social is integrated with the economic (Arocena 2001) and is based on various forms of intangible capital (Boisier, 2005) within the framework of a collective political development project (Madoery, 2008).

On the other hand, authors such as Costamagna and Alfaro (2015), Albuquerque and Pérez Rozzi (2013), have deepened the epistemic analysis of development, examining the role of the territory as a fundamental "subject". They do not limit themselves to considering the territory as a geographical space where economic and social activities occur, but also integrates a complex set of actors that inhabit it, with their own socio-political organization, culture, institutions, and physical surroundings (environmental ecosystem). In other words, the territory is recognized as a functional and symbolic space, where power relations play a fundamental role in the meanings attributed to it (Haesbaert, 2007).

Dallabrida, Rotta and Büttenbender (2021) have carried out a detailed analysis of the territorial approach, focusing on its theoretical foundations. In their study, the territory is recognized as an essential space in the processes of intervention, planning and management of development. It is in this space where the diversity of relationships and interdependence among the different actors is manifested, in addition to being the scenario where LPSs are developed. In its analysis, the relevance of fundamental principles such as totality, diversity, specificity, pluralism, relationship, integration, systemic interdependence, autonomy of action and mediation between constituent parts is highlighted. These principles are shared by epistemological currents such as new systems theory, complexity theory, historical and dialectical materialism, and the perspective based on decentralization and decoloniality.

In summary, the TD, as explained by Torre (2020) and deepened by Dallabrida (2020) from a geographical interpretation of its process, emerges as a function that represents the collective image of spatial planning, encompassing both its tangible and intangible components, both in the present and in the expected future. This process is developed through the constant interaction between various multidimensional forces of the territorial heritage inherent to its structure (the territory) and the collective action process of territorial governance (TG).

**The construction of synergistic capital in territorial development.** Boisier (2004) argues that development is a socially constructed process that arises from the valorization of the synergistic capital present in each territory. This capital refers to the capacity of territorial actors to collaborate effectively, taking advantage of each other's strengths and complementing each other's weaknesses, to achieve collective objectives that could not be achieved individually. The author emphasizes the importance of synergistic capital due to its capacity to maximize the resources and intangible assets existing in a territory, thus promoting balanced and sustainable development. To achieve this, an integrated strategy is required that considers the

potential of each type of capital and promotes synergy between them.

Boisier thus proposes the existence of nine intangible capitals that are fundamental to TD and form part of its subliminal system. These capitals are: (1) cognitive capital: refers to the techno-scientific knowledge of a community; (2) cultural capital: comprises the histories, traditions and social practices that contribute to the identity of a society; (3) symbolic capital: represents the power of the word; (4) social capital: relates to the community's capacity for association and cooperation; (5) civic capital: has to do with the tradition of democratic political practices and society's trust in political and civil institutions; (6) institutional capital: refers to the capacity to generate economies of agglomeration through the productive articulation of productive production through the articulation of productive production and the creation of a productive network; (7) social capital: is related to the community's capacity for association and cooperation; and (8) social capital: is related to the community's capacity for association and cooperation: refers to the capacity to generate agglomeration economies through productive articulation between private and public sectors in a territory; (7) human capital: encompasses people's knowledge and skills; (8) media capital: represents the media and its influence on development; and finally (9) psychosocial capital: comprises subjective factors such as values, stereotypes, representations, collective self-confidence and memory, which influence the transformation of thought into action (Boisier, 2004).

### **The Territorial Governance approach to development**

The 21st century presents new or "more evolved" challenges, in a society characterized by its complexity, uncertainty, dynamism and fluidity (Bauman, 2013); where events, such as the Covid-19 Pandemic, have shown that centralism and lack of territorial coordination make it difficult to face complex realities (de Mesa, 2019).

In this context, the governance paradigm is becoming increasingly important (Zurbruggen, 2011). From an instrumental conception, governance refers to the structuring of a decision-making process involving various actors and organizations (Gault, et. al, 2015, p.121). It is a management model that gives a glimpse of who has the power, who makes decisions and how the various organizations participate in this process (Institute on Governance, 2014). In other words, it is the way in which authority and decision-making are organized and structured to achieve certain objectives (Fukuyama, 2013, p.4). However, the concept of governance is polysemic and its definition is not entirely consensual among theorists from different areas of knowledge, which leads to confusion in its interpretation (Pierre and Peters, 2000, p.7).

The etymological root of governance comes from the Latin "gubernare" which means "to pilot a ship". In French, *gouvernance* is a word that was used by Charles of Orleans (15th century) to describe the "art of governing" (Launay, 2005). Likewise, Ronald Coase in 1937 in the article "The nature of the firm", takes up and recognizes the concept from the North

American studies on corporate governance of the business world (Büttenbender, 2021).

In the public sphere, it appeared in 1973 in the context of modernity, proposing the decentralization of public administration, thus Bevir (2011) states that governance emerged and spread because of modernist theories and public sector reforms inspired by these theories.

At the end of 1989, the World Bank (WB) used the notion of "governance" in a report on Sub-Saharan Africa, where it attributed the failure of government in that region to "bad governance" (Landell-Mills, Agarwala Ramgopal, Please Stanley, 1989). Subsequently, he defines it as an impartial and transparent management of public affairs, through the creation of a system of rules accepted as constituting legitimate authority, with the aim of promoting and enhancing values desired by individuals and groups (World Bank, 1992).

This conception has been criticized by the French High Council for International cooperation, which considers that it restricts governance to a tool for evaluating the technical capacities of a government and its economic production power, without considering fundamental human and social factors (Haut Conseil de la Cooperation International, 2002). In the early 1990s, a new governance approach emerged that differed from the traditional hierarchical model. This new model was characterized by a greater degree of cooperation between the state and non-state actors (Jiménez, 2008).

In 1994, the United Nations Development Program (UNDP) defined governance as the exercise of economic, political, and administrative authority for the purpose of managing a country's affairs at all levels. This includes the mechanisms, processes and institutions through which citizens and groups express their interests, exercise their legal rights, and assume their responsibilities (Le Texier, 2004).

Later, in 1997, UNDP identified the following dimensions of governance: institutions, public and private sector management, decentralization and local governance, civil society organizations and governance in particular circumstances (UNDP, 1997). Unlike the WB, UNDP considers governance as a tool for human development, seeking to distribute responsibilities instead of focusing them solely on public management.

On the other hand, the European conception of governance emerged, expressed in the White Paper on European Governance, which defines it as the rules, procedures and attitudes that influence the exercise of power at the European level, especially in terms of openness, participation, accountability, efficiency, and coherence (EC, 2001). In its translation into Spanish, the linguistic services of the EC choose to use the term "gobernanza" instead of "gobernación", explaining that it comes from the Greek verb "kubernân" which means to direct, and that, through the Latin "gubernantia", it arrives in Old Spanish and Portuguese - "governança"- from the French "gouvernance" (Cendon, 2001).

Thus, the European debate on governance quickly became a new paradigm that attempted to explain the transformations of the State (Klijn, 2007). As Zurbriggen (2011) points out, from the perspective of political networks, it is recognized that public policies emerge from

the interaction between public and private actors, accepting that the State is not the dominant actor in decision-making processes.

The broad definition of governance proposed by Pierre and Peters (2000) and Meuleman (2009) considers the totality of interactions between public agencies, the private sector and civil society, aimed at addressing social problems and creating opportunities for society. This definition provides an analytical framework for understanding the different forms of coordination that vary according to the social, political, and administrative characteristics of each territory (Zurbriggen, 2011, p.59).

It is worth noting that the Dictionary of the Royal Academy of the Spanish Language included a new definition of governance in its 21st edition: "art or manner of governing that aims to achieve lasting economic, social and institutional development, promoting a healthy balance between the State, civil society and the market economy"; as opposed to "governabilidad", as the anglicized term "governance" was originally and erroneously translated from English into Spanish. It could be said that governance is a necessary, but not sufficient, condition for governability, the goal for a community life in harmonious coexistence; and both differ at the same time from 'government', an action performed by the governorship (the representatives of political power) (Farinós, 2015; Romero and Farinós, 2011).

In summary, as Aguilar Villanueva (2015) expresses, the current concept of governance is based more on political sociology than on political science with a positivist approach. This is because it recognizes that the state is embedded in social formations, systems, and structures (p.372).

**The conception of governance in Latin America.** In Latin America, the academic debate on governance has been largely influenced by the WB and UNDP, from a conception of public governance (Zurbriggen, 2011). However, a major weakness is identified as the assumption that recommendations can be transferred dogmatically from one territory to another, without considering the historical processes and power relations that underpin collectively binding decision making by the state in relation to the community (Olsen, 2006).

At the dawn of the 21st century, Latin American governments are on a complex path, characterized by stages of repair and construction, still without concluding the institutional and administrative reform processes necessary to restore the effective performance of public management after the fiscal and political crises of the late 20th century. It is essential to undertake institutional innovation work to address the challenges of the new century (Aguilar Villanueva, 2015 p.10).

In this context, Aguilar Villanueva (2015) highlights that governance gains momentum as a process of shared direction and co-responsibility between government and society (p.370). This implies identifying actors and socio-political coordination networks that facilitate the formulation of strategies aimed at promoting TD.

**The concept of Territorial Governance.** The most relevant bibliography on governance

presents different approaches that address both its general meaning and its application in territorial terms, understanding it as a process of articulation between social, economic, and institutional actors, which develop in socio-territorial power networks aimed at planning, decision-making and management of collective issues specific to that territorial space. Authors who have contributed to this field include Dallabrida (2015), Farinós (2008 and 2015), Pires et al. (2011), Covas e Covas (2013), among others.

Accordingly, the territorial governance (GT) paradigm emerged at the end of the 20th century because of criticism of the centralized public management model. Its theoretical basis is linked to the conceptions of governance and territorial development of the 1990s, with the aim of promoting participation and collaboration among various actors to achieve balanced and sustainable development in the territories, adopting a holistic and collaborative vision of territorial management (Farinós Dasí, 2008).

At the beginning of the 21st century, the theory was expanded to include territorial management as an approach of collaboration and cooperation between different local actors and organizations. Authors such as Ostrom (2012) and Sotarauta (2011) emphasized the need for more participatory territorial management models.

The GT thus refers to a process of planning and management of territorial dynamics that seeks to promote an innovative, shared, and collaborative perspective through horizontal relationships. This process implies the existence of power struggles, discussions, negotiations, and deliberations between actors in both the public and private spheres. These processes are based on the indispensable role of the State, on a democratic conception and on the protagonism of civil society, with the aim of achieving a vision of the future and a certain TD pattern (Dallabrida, 2015).

To achieve a better adaptation of the territorial organization of the State to the new functional needs in the current global context, it is necessary to move from a rigid government approach to one of governance, where policies are adapted to the territories and not the other way around (Farinós Dasí, 2015).

In summary, the evolution of theory has been closely linked to the TD, moving from a perspective centered on the State and civil society to a more participatory and integrated vision of the systemic management of the territory. This makes TG a synergistic factor of great importance for the progress of the regions. The notion of TG provides a new perspective for analyzing the complexity of the decision-making process, which involves various actors (State, market, and civil society) with different and even opposing interests.

However, as Dallabrida (2015) points out, TG is developed in contexts of complex societies subject to multiscale processes, which represents a challenge for its practical implementation.

### **Analysis of emerging intangible capitals of Governance in Local Productive Systems (LPS) in Latin America.**

This section presents the summary results of the analysis of TG experiences in Latin American

LPS. The main objective of this analysis was to identify the elements referred to as "intangible capitals" by Boisier (2004), which "emerge" recurrently in the different management models and act as synergistic drivers of their development.

In this regard, the following experiences were examined, which are detailed in the following table:

**Table N°1**

*Description of analyzed Latin American local production systems (LPS)*

<p><b>LPS N°1. Association of Paneleros del Valle de Jiboa, Dept. of Verapaz (El Salvador).</b></p> <p>The small-scale panela agroindustry has been developed in the Jiboa Valley since colonial times. In 2004, around 20 producers and small family mills joined forces to address the precarious situation caused by the 2001 earthquakes, thus preserving the artisanal industry, and marketing their products at a fair price. The Association has a network of strategic allies, including government institutions, non-governmental organizations, and private companies (Cummings, 2013).</p>
<p><b>LPS N°2. Sugar Production System of the Cauca River Valley (Colombia).</b></p> <p>The LPS is made up of 2,750 sugarcane growers and 12 sugar mills covering 241,000 hectares. Most of the producers and industries are part of the Asociación de Cultivadores de Caña de Azúcar (ASOCAÑA), founded in 1959 with the objective of promoting the sustainable development of the sector. In 2019, with the "Sugarcane Unites Us" Program, public-private organizations in the region are joining forces in actions aimed at improving the quality of life of the production system (Uribe Castro, 2017).</p>
<p><b>LPS N°3. Artesanal cachaça Productions Chain (Rio Grande do Sul).</b></p> <p>The production of cachaça in southern Brazil originated during colonization and grew along with the sugar sector, counting in 2016 with about 1056 small producers. In 1998, the Association of producers of cachaça, sugarcane and derivatives of the State of Rio Grande do Sul (APRODECANA) was formed, which together with public and private organizations implemented the "Together to compete" Program to improve the competitiveness of the sector. In 2005, in collaboration with the University (UFRGS), the "Alambiques Gaúchos" quality group and seal were created to certify artisanal production and strengthen the consumer market's perception of product quality (Scarton, 2011).</p>
<p><b>LPS N°4. Association of Coffee Producers of Apía, Risaralda (Colombia).</b></p>

Organization formed by approximately 342 agricultural producers of the municipality of Apía, whose tradition and leadership date back to 2005 when the association was consolidated. Since then, it has been working closely with educational institutions, the Municipal Mayor's Office, and other organizations such as the National Federation of Coffee Growers of Colombia and the Regional Autonomous Corporation of Risaralda, with the objective of jointly promoting competitiveness and sustainable development (Bedoya Patiño et al., 2012).

#### **LPS N°5. Sugar cane producers in the Department of Monteros, Tucumán (Argentina).**

The sugarcane sector has been the main pillar of Tucumán's economy since the mid-19th century, with the Department of Montero standing out with 295 producers, many of them grouped in the IBATIN Cooperative, which has 490 members (27% of the total number of cooperative producers in the province). Due to the notable fragmentation among producers, joint public- private institutional actions have been carried out to strengthen the competitiveness of the chain, including the NOA Sugar Sector Program (PROICSA), the creation of the Institute for the Promotion of Sugar in Tucumán (IPAAT) and the creation of the Sugar-alcohol Roundtable. These initiatives have contributed to a high-quality sugar production recognized nationally and internationally (Giancola, et.al.; 2016).

#### **LPS 6. Western coffee producers (Honduras)**

Coffee production represents one of the main economic activities in this Region. The sector is made up of a network of 72,342 small and medium-sized producers, intermediaries, exporters, and different organizations related to the chain. It is characterized by the production of high-quality coffee and by the fact that the sector is organized into a significant number of cooperatives and associations (Meza Palma, 2021).

*Note.* Prepared by the authors based on the analysis of the selected experiences.

As pointed out by Torres Salcido (2018), in the territorial approach, the TG is considered as a fundamental collective action process in the role of the WP. This process depends largely on the characteristics specific to the intangible elements of each territory, such as social and relational capital, coordination, organization, and culture, as well as the way in which conflicts are addressed, which Boisier (2004) referred to as the "subliminal system".

It is important to note that the territorial approach and governance are intertwined in management theories, especially those related to organizational performance, providing tools and perspectives for understanding, analyzing, and promoting development management in a specific territorial context.

Based on the comparative analysis of the cases, it has been found that, among all the intangible elements, social capital is the most prominent. This is reflected in the cooperation and solidarity networks that have developed between producers and their communities. The

existence of many associations and experiences of articulation between producers and public-private organizations in the communities have allowed the development of joint initiatives and programs that have activated processes aimed at improving the quality and competitiveness of the products.

In LPS N°1, the association ACOPANELA stands out, where community organization and cooperation among panela producers have been fundamental to strengthen the local economy and improve the living conditions of rural communities. A similar case is presented in LPS N°2, with ASOCAÑA and ASOAPIA in LPS N°4. Also, in LPS N°5, there is the PROISA Program and the creation of the Sugar-alcohol Roundtable, while in LPS N°6, the Honduran Coffee Institute (IACafe), the National Coffee Council (CONACAFE) and the Honduran Association of Coffee Producers (AHPROCAFE) stand out.

On the other hand, in LPS N°3, cooperation networks, knowledge sharing, and the promotion of collaboration have made it possible to improve product quality, diversify markets and generate wealth. In addition, processes aimed at protecting the environment have been initiated.

In relation to cultural capital, coffee, and sugar crops, as well as their industrial derivatives (panela, cachaça, and others) are closely linked to the history, culture, and traditions of the territories. The implementation of seals of origin and quality, as in the case of coffee and sugar in Colombia, gaúcho stills in Brazil, panela in El Salvador or the seal of western Honduran coffee (HWC), has contributed to highlighting the attributes of the products and achieving international recognition.

This rich production tradition has had a positive impact on productive know-how, benefiting the LPSs' cognitive capital and their capacity to adapt in times of crisis. However, despite some notable efforts, actions are still required to promote continuous learning and training, fostering innovation and the adoption of sustainable practices and technologies.

Accordingly, together with cognitive capital, which refers to the specific knowledge related both to the productive tradition and to the technical knowledge specific to the activity (Boisier, 2004), human capital is analyzed, which encompasses the set of knowledge and skills, as well as the physical and mental capacity to put them into practice, to exercise them. In the LPS analyzed, there has been an increase in investment in education and health since the first decade of the 21st century, as well as greater collaboration between higher education institutions and productive systems. However, access to formal and technical- professional education is still limited, which translates into competitiveness problems due to the lack of investment in technology and training. Small producers have low levels of professional training, despite having valuable practical knowledge passed down from generation to generation.

Therefore, in the LPS it is necessary to implement an education that promotes organizational processes aimed especially at young people, to generate identity, self- esteem, and a sense of belonging, and thus avoid migration, as well as to encourage.

**Institutional Capital:** In each system analyzed, the existence of potential institutional capital for development has been observed. However, there are still factors that threaten the generation of a harmonious climate of inter-institutional relations. An example of this can be seen in the lack of clear and effective regulations in some regions, as well as in power struggles due to the heterogeneity in farm size. In addition, inefficient and non-transparent decision-making mechanisms affect stability and lead to conflicts in the value chain, limiting the development of production systems. The high rate of informality in land ownership and fiscal conditions for small production units also has an impact on this aspect.

It should be noted that this capital is related to the capacity of the organizations to efficiently coordinate and manage the resources and activities necessary for TD. In all the LPS analyzed, it has been observed that the coordination and decision-making mechanisms are not very efficient and are not adequately adjusted to the particularities of the actors involved.

As for civic capital, it is ambiguous and variable in the LPS, presenting a high dependence on political and social factors. A greater presence of civic capital is observed in local and subnational territorial instances due to proximity.

Analytically, it has been observed that LPS N°3 is the one with the greatest civic culture and participation, despite the existence of clientelist practices in the territory. In the case of LPS N°1, the lack of trust of the productive actors towards the governmental system predominates. Likewise, in LPS N°5, there is a greater predominance of clientelist practices among actors with greater power. LPS N°2 and N°4 have been historically influenced by the internal armed conflict, which has negatively affected civic capital in the industry. However, in all cases, the achievements would not have been possible without the active participation of the communities.

**Psychosocial intangible capital** refers to the emotional and relational aspects of people that influence their capacity for work, creativity, and innovation (Boisier, 2004). In the context of LPS in Latin America, it has been observed that environmental and political issues and those arising from volatile economies, as well as the lack of labor and tax regulations that consider the reality of small producers, generate significant labor stress in the production chains, which affects the commitment of the actors involved. Despite this, efforts have been made to improve the welfare conditions of workers. Nevertheless, the lack of motivation among young people is a cause for concern in all cases, which affects migration rates from the countryside to the city. In relation to symbolic capital, all the LPS analyzed have a significant impact on the regions in which they are located due to their productive tradition, and their contribution to the economic growth of the communities is valued. However, there is a need to improve the image of the systems in areas related to environmental sustainability, especially in the sugar systems, and in terms of corporate social responsibility.

On the other hand, the challenge of improving transparency and effective communication of the LPS with consumers and communities is identified as a challenge. This point is related to

media capital, which refers to the capacity of the media to disseminate information and knowledge about the system and development opportunities. In many of the LPSs analyzed, it has been observed that the media have a limited presence or are controlled by political or economic interests, which hinders the dissemination of relevant information, undermines freedom of expression, and hinders the construction of an informed public opinion.

## CONCLUSIONS

The present study has focused on investigating whether the cohesion generated by intangible elements in the governance of Local Productive Systems (LPS) can act as synergistic capital in Territorial Development (TD) processes in the Latin American context, enabling them to face the challenges of the current globalized world in a more autonomous way. In order to achieve this, the challenges that have led to a paradigm shift in the management of TD strategies in LPS have been considered, along with the theoretical assumptions generated in this regard from the territorial approach to development.

It is important to highlight that, from the territorial approach, the study of governance as a process of collective action or management model becomes highly relevant to organization theory, as it allows understanding how decisions are made, power is exercised, and resources are managed in a specific territory. It provides tools and approaches to foster participation, coordination, and conflict resolution, with the aim of achieving more equitable, sustainable, and effective governance at the local and regional levels.

By delving into territorial development (TD), it has been observed that, due to its nature, it is a complex process driven by coalitions of endogenous and exogenous actors seeking to create positive synergies and transform socioeconomic and ecosystemic elements of a territory in order to improve the conditions and quality of life of the local community (Cummings, 2020).

This paradigm has evolved from a conception centered on physical capital and resources towards a more capacity- and socially oriented perspective (Albuquerque, 2009). It has shifted from viewing TD as an "acquired" process to considering it as an endogenously "generated" process in a specific territory (Vázquez Barquero, 2005).

This epistemic evolution is explained, as Boisier (2008) points out, by the coexistence of two social processes of change in communities: economic growth and societal development. Therefore, while TD requires a material foundation that guarantees economic growth, it is crucial to have a positive collective mindset, the endogenous potential of the territory, and the harmonious functioning of subsystems and intangible capitals that, under certain conditions, allow for the "emergence" of development (Boisier, 2004).

The conception of intangible capitals, mentioned by Boisier (2004), is based on the idea that culture, education, values, political freedom, and democratic spirit are suitable tools to

promote TD, as long as they are strategically cohesive in a management model that activates the territory's transformation processes.

Under this assumption, each LPS tends to become a complex system with numerous subsystems and ever-changing capitals, which, when interacting, generate emergent properties. However, in the Latin American LPS analyzed in this study, constant "short circuits" are observed between the chaos generated by their complexity and the proposed solutions, which diminishes the necessary synergy to activate the function of TD. In Boisier's words (2010), development strategies require a "thermostat" (p.23).

Governance, with its logic of territorial "co-management," presents itself as the ideal model to fulfill this function, as long as it manages to "stabilize" the intangible capitals that make a particular community's heritage unique, activating the emergent properties, that is, the synergistic capital that characterizes it.

In the analyzed LPS, the stabilization function requires better utilization of social, cultural, and symbolic capitals, as well as a greater effort to strengthen human, cognitive, institutional, media, civic, and psychosocial capitals.

The quality of institutional, civic, and media capital in these LPS can ensure transparency, organization, and system functioning, which contributes to strengthening trust and, consequently, social capital, improving coordination and collaboration capacity. Additionally, strengthening psychosocial capital allows producers to feel more empowered and reduces labor and social conflicts.

Similarly, actions aimed at strengthening human and cognitive capital will promote innovation and the adoption of practices and technologies that are more environmentally friendly, which in turn impacts the material base of the system.

In summary, TD strategies must transcend their exclusively economic focus and become an exercise that values the implicit human capital in the system, as well as its communication, organization, and coordination. It is essential to consider the "human value" both in the present and in the future, and to work with the new generations of rural youth to foster a sense of belonging, self-esteem, and identity.

The importance of achieving balanced cohesion of intangible capitals through a GT model lies in the fact that efficient management of these capitals contributes to improving the system's capacities to operate effectively and sustainably in the territory, activating the "emergence" of TD.

In conclusion, as a proposed new approach, it is suggested that collaborative governance, known as "sociocracy" (Rau and Koch, 2018), could be an effective tool to improve the cohesion of intangible capitals in LPS in the Latin American context. This management model is based on decision-making by consent and is organized into

autonomous circles, which would contribute to managing TD processes by fostering participation, facilitating collaboration, and strengthening transparency. Moreover, sociocracy promotes innovation, creativity, and resilience, which are fundamental skills to face the challenges of the 21st century.

## **REFERENCES**

Please refer to articles in Spanish Bibliography.

## **BIBLIOGRAPHICAL ABSTRACT**

Please refer to articles Spanish Biographical abstract.