
Regional development by a lead firm in Austria: An analysis of economic, social and political factors

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1. Case study: Development research in a peripheral region of an industrialized country

This article studies the developmental experience of an Austrian region, marked by unprecedented expansion of output and employment mainly driven by one large corporation and its satellite businesses.¹ With sales figures tripling and employees more than doubling within just 9 years (2008-2017), the corporation acted as economic accelerator and created major spill overs pushing the region surrounding it out of economic misery.² In fact, the area's GRP grew by over 90% between 2000-2016 and the 13 municipalities under investigation show an approximately 20% higher employment rate in 2014 than 2001 while population grew by 9% in the same period.³ Additionally, council tax ("Kommunalsteuer") inflow has increased by staggering 180% between 2010 and 2017 in just one municipality, and 73% for all municipalities included in the study, equipping them with financial means to improve public provision e.g. by building kindergartens (County-data base).⁴

Hence, the region's image is dominated by a strong focus on the vast economic recovery and improvement over the last twenty years. Life seems to have enhanced overall tremendously in hand with higher business activity, a conclusion swiftly reached by focusing on the growing figures presented above. However, are living realities accurately defined and depicted by the growth of economic indicators? If this is the case, why has protest been organized in order to articulate dissatisfaction with building projects of political decision makers and the leading manufacturer? Why have citizens' initiatives been formed for citizens' interest to re-enter local councils? Why did political parties lose long-held majorities and corporations built their own nurseries if the region is better off now? Clearly, focusing on economic matters in analysing progress is not enough. Living realities for people in their roles as inhabitants, employees and voters differ, as do opportunities for businesses, varying in size, industry and affiliation with the leading corporation.

The aim of the article is therefore to analyse the ambiguities behind what is seemingly a success story. Specifically, the article attempts to tackle three research questions:

1. Which ramifications had/has the regional development of concerned municipalities by monopolistic economic activity of a lead firm on economic, social and political factors *of the regional population* in question?
2. How does this form of development create, distribute and destroy *value* for concerned municipalities and their population?
3. Which conflicts could emerge from this form of development?

Research questions 1 and 2, meant to uncover differences in these actors' development experiences. Which detrimental developments could have been overseen or triggered by the region's focus on economic success was taken into the analysis by posing research question 3.

The theoretical framework used for answering these questions draws on Hirschman (1958) and Sen (1999), and enabled to widen up the angle for understanding, analysing and evaluating the region's development beyond macroeconomic aggregates such as output growth etc. The empirical work is based on 17 semi-structured interviews of local residents, politicians, and employees working for the LC and satellite businesses as well as for employers outside the LC's sphere.

Main results can be summarized by the lead corporation figuring as trigger of unprecedented output, employment and fiscal revenue growth stemming from both, the LC and businesses directly linked to it. However, as a parallel economy emerges on the basis of wage differentials between employees working for the LC and related businesses and employees working for other employers, value destruction occurs on various levels. Similarly, substantial price increases for land and housing aggravate these dynamics. Relatedly, as the LC positioned itself as primordial tax source to two local councils and as provider of a nursery and attractive educational programmes for its employees only, traditional, democratically legitimized structures for taxing businesses or providing social services are side-lined. The resulting economic and political ramifications are characterized by structural destruction of value. Furthermore, these transformations translate into the lives of people, shaping their capabilities in different directions, but mainly in a way that aggravates social division and adds another layer of discrimination to pre-existing ones. Lastly, the analysis finds conflict potential in realms which experienced structural wealth destruction and capability deprivations.

This article is structured as follows: Section 2 sets out the theoretical framework, and relatedly, the applied method. Section 3 discusses the main findings distinguishing between economic effects and individuals' capabilities. Lastly, Section 4 answers posed research questions and discusses the generalizability of results and desirable further research.

2. Method: How to approach these questions

2.1 Theoretical framework

In approaching this analysis, which information was gathered in what way, how it was analysed, and which conclusion could be drawn from it was informed by a combined framework consisting of Hirschman's Linkages Analysis (1958) and Sen's Capability Approach (1999), both equipped for development research on a broad(er) scale. For this case study the linkages analysis gave information about the economic activity, interdependency and interlinkage of businesses and politics in the region (value in "being worth"). The capability approach was used in order to understand how people living and working in the region experienced and evaluate the changes of the last two decades in their roles as employees, inhabitants and voters (replicating the economic, social and political factors necessary to include for research considering value in "being well"). Both frameworks contributed in uncovering sources of conflict, accompanying the evolvement.

An examination of Hirschman (1958) provides a perspective on wealth creation (value as "being worth") through economic activity. His work in essence provides a useful analytical tool to trace different multiplier effects through production linkages (forward and backward), consumption linkages and fiscal linkages. His insight is footed on the dynamics between the set-up of a leading corporation (master venue) and linkages leading from and to this "master venture". Wealth is created and distributed by the second and third round effects, the establishment of a master venture has by triggering the upspring of other businesses which supply production inputs (backward linkages) or use production outputs (forward linkages). Furthermore, in an essay providing further details on his linkages framework, Hirschman (2013) opts to include the income side and thereby enrich an input-output analysis: The above-mentioned linkages are classified as production linkages (direct), focusing on the master venture's process of production. Consumption linkages (indirect), on the other hand, are businesses triggered by new incomes earned. Another form of indirect linkage is the fiscal linkage which describes the provision of extended or new public services financed through tax income from a successfully operating master venture and its linkages. Any of such linkages can be set up by an actor either already invested within the existing linkages network, making the newly founded business an "inside" linkage. The opposite is true for an "outside" linkage; it is established by an actor so far unknown to the environment. Lastly, the explanation of so-called satellite industries is noteworthy: Satellite industries are located geographically close to the master venture and are usually smaller in size.⁵ Moreover, their output is either a minor input to the master venture's production process or the

master venture's output is a major input to the satellite businesses' production or offered service. Connecting economic development to the presence of a master venture and emerging linkages, the effect on wealth creation through the set-up of satellite linkages is much stronger, while it broadens in reach once non-satellite industries enter the linkages network. In order to depict, analyse and evaluate the process of wealth creation by and through a master venture, and trace back economic development to the dynamics at its heart, the linkages analysis provides helpful guidance.

Additionally, to comprehensively investigate *progress* is to re-discuss what desirable outcomes or valuable set-ups are. Mazzucato (2018) stirs this discussion by asking to bring back value – in a form beyond conventional economic indicators – into public dialogue.

One helpful way to take the evaluation of development outcomes beyond output growth and macroeconomic aggregates is provided by Sen's (1999) discussion about development as freedom. With re-centring human wellbeing in the discussion about means and ends of development, his capability approach presented itself as tool suitable for this case study to investigate the concept of value as in "being well". Following Sen (1999), it is important to understand what a person's functionings and capabilities are, the former describing what a person is and does and the latter depicting alternative options of what a person values being or doing. An individual's function and capabilities are her freedoms. Freedom, then, is also subject to the availability of economic, social and political opportunities by which the individual is surrounded. Taking these concepts further, the expansion of freedoms as in the expansion of capabilities enables, strengthens and therefore constitutes development (freedom as *means* of development). At the same time, Sen identifies capability expansion also as the *end* of development. This dynamic between development and capabilities allows to depict reinforcement to the better (development and expansion of capabilities) or the worse (constraints of capabilities and no or less development) or to identify the persistency of unfreedoms and underdevelopment or stagnation. In order to depict, analyse and evaluate subjects' capabilities, Sen (1999) lists conditions of various forms of freedoms which can be used as starting point:

1. *Political freedoms*: right to choose from different alternatives who should govern by which principles, ability to investigate, criticise, obtain uncensored information.
2. *Economic facilities*: ability to use economic resources to consume, produce or exchange (when analysing aggregative changes in wealth or income, their distribution is important to investigate the individual subject's condition).
3. *Social opportunities*: ability to participate in political and economic re-

gard as well as to live well (by providing access to education, health care, public transportation etc.).

4. *Transparency guarantees*: the ability to trust a society and each individual in exchanges with each other.
5. *Protective security*: to have a social safety net in case of unemployment, disability or illness (e.g. unemployment benefits).

2.2 Collecting rich data

Secondary data, drawn from Statistik Austria and the county data base, shows the strong economic expansion and some accompanying dynamics at hand: The area's gross regional product grew by 94% between 2000 and 2016.⁶ Additionally, the LC's expansion resulted in sales almost tripling between 2008 and 2017. Its number of employees more than doubled in the same time, counting over 3.000 by 2017. Similarly, focus municipalities displayed a 18% higher employment rate in 2014 than 13 years before.⁷ At the same time, population grew by 9%. Two the-LC's-sites-accommodating municipalities even show population growth rates from 2002-2019 of +17% to +31%. On average, the county's population grew only single-digit during that time.⁸ Additionally, municipalities tax inflow through council tax ("Kommunalsteuer") has almost tripled between 2010 and 2017 in just one municipality and rose by 73% to almost seven million for all municipalities included in the study (County-data base). Furthermore, prices for land and housing have gone up dramatically. Within only three years, houses on small- or medium-sized plots became a quarter more expensive in 2018 than in 2015. The figure is even higher for construction plots: Their prices rose by 43%.⁹ Politically, while the population eligible to vote has increased by 27% between 1997 and 2015, the participation rate has fallen by 5% within the same time (County-data base).

This insight drawn from secondary data provided the base for further empirical investigation. In addition, 14 interviews with 17 interview partners were conducted to gather detailed perspective on how economic expansion created a linkages network in the region as well as shaped functions and capabilities. Table 1 provides an overview of the number of interviewees and their profiles.¹⁰

The interview approach was two-fold: In pursuance of directly gathering subject-level information about people's freedoms, extensive, questionnaire-style interviews were conducted with citizens from the region in their role as employees in or outside the linkages network, inhabitants and voters. Additional, rather indirect general information on capabilities as well as critical insight for the depiction of the linkages network in place, was acquired by conducting semi-structured interviews with some employees of the master venture's key departments, a journalist and political decision

Table 1: List of interviewees and interviewee profiles

	Political decision maker	Journalist	Employees in key departments of the LC	Regular employees/regional citizens
Lives & works regionally	All	X	All	All
Expertise	Decision makers in political affairs of three municipalities (4) and supra-regionally (1)	Writes for over 20 years for a regional newspaper, regularly covering news about the LC	Sales department Purchasing department Human resources department Employee representative (3)	Caretaker Employee with the LC (2) Neighbour of the LC's production sites and member of resistance group (2)
Number of interviewees	5	1	6	5
Sum of interviewees/interviews	17/14			

Table 2: Selected examples of questions designed to depict freedoms and unfreedoms in economic, social and political regard

Sphere of freedom	Proxy	Question
Economic	Income	Do you think your income is enough to live your life as you like? Is your income sufficient to undertake investments you wish to conduct?
	Accommodation	Do you like the surrounding environment of your house or apartment? If yes/no, why? Is there good infrastructure in immediate reach of your house or apartment? If yes, which?
Social	Personal life (satisfaction)	Do you live a life how you wanted it to be? If no, why? Do you think by living in this region you live your life as you like?
	Freedom	Do you think somebody else is "freer" than you?
	Inclusion	Do you feel as a part of the regional society?
	Future prospects	How do you see your future? What are key determinants for these future conditions?
Political	Political participation	Are you politically interested or active? If yes/no, why?
	Political responsiveness	Do you see your interests being addressed by regional politicians? If yes/no, why? Do you think somebody else's interests are rather addressed than yours by regional politicians? If yes/no, why and whom's?

makers. As regards research interest in conflict potentials, all interview schedules included questions about detrimental effects of the region's economic expansion, dissatisfactions with the status quo and conflicts already present. Table 2 gives some examples of how capabilities were assessed.

3. Analysis of linkages and capabilities emerged and shaped by economic expansion of a lead firm

Collected data showed that while the region economically improved with the lead firm expanding, several noteworthy dynamics emerged additionally: Firstly, and as the linkages analysis will describe in more detail below, a strong network of businesses around the LC was established. This network led to the formation of a parallel economy through concentrating value creation inside, and triggering dynamics of value destruction, outside the network on various levels. Secondly, these economic dynamics resulting from exclusive business activity and different wage and price levels for workers and businesses in and outside the network also created forces of social division. Former affordability of property, goods and services changed as inside-network actors' purchasing power increased relatively to outside entrepreneurs and workers not employed with the LC or one of its related businesses. Consequently, a parallel society developed which is additionally characterised by exclusive access to services provided by the LC to its employees. Thirdly and relatedly, structural wealth destruction dynamics were identified as value distribution is largely uneven. Lastly, these economic dynamics impact individuals' capabilities in a way that reinforce pre-existing lines of discrimination (e.g. based on race, sex) and add new ones (e.g. based on employer). As consequence of structural wealth destruction and individuals' deprivation of capabilities, conflict is seen to emerge.

3.1 Analysis of wealth dynamics of a regional linkages network

While linkages are at first glance associated with wealth creation as soon as they emerge, analytic differentiation between wealth dynamics related to (emerging) businesses *within* the network and such *outside* of it only just arises with knowledge *about* the linkages network. Here it can swiftly be observed that the emergence of a linkages network, accompanied by wealth creation can also trigger a process of wealth destruction taking place outside the emerging network. Similarly, by tracing back wealth creation, the possibility of answering this wealth's distribution just adds itself as another analytic thread pursuable. All three aspects of wealth dynamics are discussed in the following, building upon the data collected and generated as was outlined above. To provide empirical context, selected interview statements are quoted.

3.1.1 Regional wealth creation through the presence of a linkages network

The depiction of the linkages network present in the region is sketching out relations from and to the leading corporation (LC). These relations fol-

low the perception and knowledge articulated by interview partners on the matter. The result is a qualitative linkages analysis which does not claim to display a comprehensive portrayal of all actual relations. Nevertheless, the width and depth of information obtained enabled the analysis to conclude on the primordial importance of the leading corporation in the region's wealth creation process.

Several backward production linkages have been identified, many being satellite businesses, fulfilling requirements of geographic proximity, smaller size and importance of LC's production process for the own input or output. Additionally, direct production linkages are primarily of outside nature, except for a key supplier firm taken over by and geographically re-located next to the LC and a carpool supplier planning to move to the LC's neighbourhood.

When asked why the car retailer comes from a neighbouring municipality closer to the LC's location: "[...] well, space is quite limited [note: at the current location]. [The car retailer] moves because he stays in close relation with [the LC] and they have a large carpool to look after." (Interviewee 1, 2019)

Taking (estimated) numbers of employees from outside satellite businesses together, an approximation of directly dependent jobs from the leading corporation can be derived, ranging between 140-180 jobs.¹¹

Forward consumption linkages emerged in the form of a hotel expanding in order to serve the demand for accommodation of LC clients and several restaurants, where especially one can be seen as satellite business.

"There are strong aspirations to support the region. The training centre [located in one of the restaurants, which has reopened] would not exist without us, neither the expansion of the hotel." (Interviewee 2, 2019)

Other forward consumption linkages include a bank, two supermarkets, a café, a flower shop and strong private and commercial housing construction activity.

Lastly, fiscal linkages have emerged as well as economic expansion generated higher tax inflows for municipalities' budgets. With increased funds for investment, municipalities have widened public services by building several nurseries and kindergartens or renovating and expanding two municipality schools.

"We have done a lot in the last few years which, before, has not happened for twenty years. We built the culture centre, we renovated the school, we built the nursery and now build another new kindergarten." (Interviewee 3, 2019)

Furthermore, investments in cultural services (a cultural centre), in infrastructure (detour, planned/installed broadband internet), public transportation (train station at a site of the LC) or housing provisions (land re-dedications and infrastructure investments for settlement areas, publicly built

apartment blocks) have taken place as well as the construction of a renewable energy source by a municipality.

“[...] the county housing construction company has built apartments in our municipality. They were sold out in a minute.” (Interviewee 4, 2019)

Quantifying the number of jobs directly guaranteed by the lead corporation’s consumption and fiscal linkages would require too many estimations. However, the hotel and one restaurant act as satellite businesses and are linkages with an employee number ranging between 10-25. The following Table 3 lists identified linkages: Entries in italic mark satellite businesses, ones carrying a * are identified as inside linkages. All other are linkages of outside character.

Table 3: The linkages network analysed

	Backward linkages		Forward linkages	
Production linkages	<i>Blacksmith (2)</i> <i>Locksmith</i> <i>Conveyor-technology supplier</i> Drop-forgery Carpenter Plumber	Concrete plant <i>Plastic parts manufacturer</i> <i>Car retailer</i> <i>Key supplier subsidiary*</i>	<i>None specified</i>	
Consumption linkages	None specified		<i>Hotel</i> <i>Restaurant (1)</i> <i>Restaurant (2)</i> <i>Café</i> <i>Bank</i>	Supermarket (2) Flower shop Housing construction (private)
Fiscal linkages	None specified		<i>Social care facilities</i> <i>Highway bypassing the city centre</i> <i>Housing construction (public)</i> <i>Train station</i>	Renewable energy park New industrial estate Planned/installed broadband internet provision

Clearly, the leading corporation plays a vital role in the region’s wealth creation. By maintaining a strong regional supplier network within the manufacturing sphere, at least 150-205 additional jobs are directly guaranteed regionally through the corporation.

“[...] we sell internationally, hence, we also source internationally. [...] However, we focus strongly on Europe in order to keep value generation geographically close. I think one can also see this quite well in the region, where supplier companies have grown through and with the LC, which makes supply-chains in the region closely interlinked with [the LC] and – indirectly – also jobs.” (Interviewee 5, 2019)

“Sourcing, for example, is also done strongly regionally. This means that we source from surrounding businesses. We even have separate trucks

which collect inputs from those regional businesses and transport them to our production sites.” (Interviewee 2, 2019)

3.1.2 Regional wealth distribution

Turning to how created wealth is distributed and dynamics allocate spill-overs, information indicates that it lies primarily in the corporation’s power to decide where and with whom wealth is shared. This starts at a very basic level with wages and salaries the LC pays its employees (usually quite high, plus a yearly bonus), to the services it exclusively offers its employees (employee training and development, nursery, ...) all the way to which clubs and societies it does or does not sponsor and with which regional businesses it works or does not.

“You can almost call [the yearly bonus] a 15th salary. And then there are other things such as the life insurance, which is tax advantaged. These [...] are paid by the company. The boss pays it all, we as employees do not have to pay anything for that. [...]. [And then we got] Easter eggs, Christmas gifts, carnival sweets.” (Interviewee 6, 2019)

“We really invest a lot of money; we expand the training rooms and try to skill our workforce and with them our future ourselves. We also founded an academy where we provide strategy-focussed training for development. [...] We also created an MBA.” (Interviewee 2, 2019)

This uneven distribution of economic value (concentrated on the LC’s employees and linked businesses) and social services (e.g. nursery, employee education and development, support for some clubs and societies) led through its effects on economic and social in- and exclusion to the emergence of a parallel economy and a parallel society, respectively. This is explained in more detail in the following subsection 3.1.3.

One exception to the prevalent uneven distribution is the interfering nature of taxes levied upon firms by the councils. An assessment of how well and in which scope the redistribution of created wealth through taxes functions regionally, is a topic too large to be covered additionally. Nevertheless, the LC’s presence secures steady flows of tax income to municipalities, constituting another form of wealth distribution.

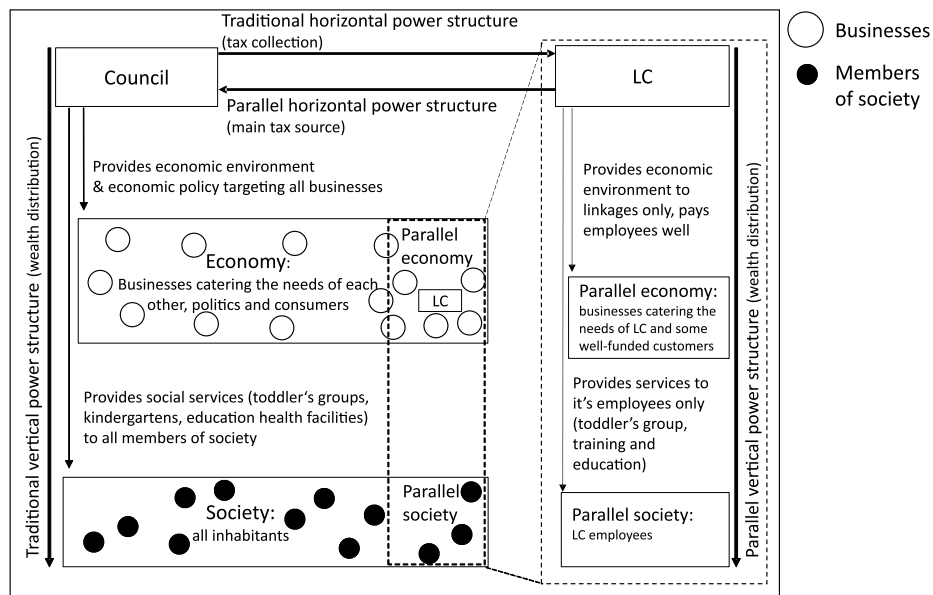
However, these distributive issues have further consequences: As the LC is a major source of taxes which local councils use to redistribute wealth and not just a large employer but also an independent provider of social services itself, a new power structure, paralleling the traditional political power structure, has emerged. While the “traditional political power structure” puts the council as democratically legitimised decision maker at the heart of distribution of services to the economy and society (vertical) and collecting from the economy through e.g. taxing businesses (horizontal), the new parallels are determined by the LC. Firstly, by identi-

ying as a main source for means of redistribution by the councils, the LC's power has shaped the relation between politicians and itself, ultimately creating a parallel horizontal power structure. Within this structure, the struggle over tax flows and political support for business strategies (e.g. land rededications, construction projects, etc.) are playing out between political decision makers and the LC. At the same time, the parallel uncovers these actors' interdependency and ultimate need for cooperation, as the corporation needs political support for e.g. land rededications and the municipalities do not want to jeopardize tax inflows or jobs. One example for the LC's power towards politicians is a highly controversial detour building project. It is seen to have been carried out in a way fulfilling the LC's needs of traffic infrastructure as an interviewee explained, despite local protest.

"There would have been a supra-regional solution, surely. But this would not have been in [the LC's] interest. [The CEO] is really interlinked with politics and they have constructed the detour the way he needs it. [...] This must have been this way, otherwise it would have never been planned like this." (Interviewee 7, 2019)

Secondly, by undertaking distribution of economic and social wealth itself, the LC is on top of a second vertical power structure, ending politic's monopoly in distributing wealth regionally. Examples for this are, as already mentioned, the LC's provision of an economic playground for related businesses by buying from or selling to them or nurseries and education

Figure 1: Depiction of parallels



programmes for a certain group in society – its employees only. Figure 1 visualizes what has just been described.

Hence, the emergence of a strong linkages network situated around the lead corporation was accompanied by uneven distribution of wealth and acted as trigger of the emergence of several parallels: A parallel economy, a parallel society, a horizontal and a vertical parallel power structure. However, the ramifications of such an uneven distribution and related parallels can be both, accompanied by and trigger of incidences of structural wealth destruction, which is discussed in the following.

3.1.3 Structural regional wealth destruction

Several areas in danger of structural wealth destruction are discussed within this case, again following the division into economic, social and political realms: Firstly, the parallel economy is characterised by affluent consumers who are able to afford rising prices for land and construction or the new goods and services particularly catering for emerging “upper-class” groups. Because there is a bottleneck in supply of skilled employees in the region, the LC pays considerably better in order to meet its demand for workers. Additionally, the corresponding collective agreement in the industry is determining one of the highest minimum wages for all employees. Consequently, affluent consumers are mostly employed by the LC or one of its linkages. Accordingly, wealth destruction for consumers occurs, because affordability of goods, services and land is now – in many cases – of more exclusive character. Local citizens for example do not afford a meal in one of the linkages-restaurants because they cater rather different menus for higher prices.

“[...] the restaurant has much higher prices and does not really serve the middle-class menus we would eat. This is why people from the municipality do not really go there.” (Interviewee 8, 2019)

Others cannot afford living costs in the region anymore and move away:

“Some moved away because they got divorced, others also due to financial reasons, they cannot afford it here anymore.” (Interviewee 9, 2019)

Secondly, another area exhibiting dynamics of structural wealth destruction through wealth concentration and uneven wealth distribution concerns business opportunities and survival chance for regional small and medium sized entrepreneurship (SMEs) as well as local artisanry. There is a mixed record of business openings and wind-downs over the years 2011-2016 which confirms that in light of overall economic expansion, not only have businesses or linkages emerged, many also disappeared.¹²

“[...] what has changed is, that many independently owned shops now have been substituted by chains. We still have some privately-owned shops, but this has changed a lot, we had much more of them a few years ago. How-

ever, the quality is great, we do not have to go somewhere far to do shopping, [and] we can go shopping longer now too.” (Interviewee 9, 2019)

Further interview information provided insight on the reasons why businesses had to close down and why. In fact, even though firms benefit from population inflow and higher income generally, for many, worrying about selling their output proves secondary compared to their difficulties in recruiting and retaining skilled employees. Competition for skilled employees is fierce and has aggravated in the last years, leading to a severe bottleneck with SMEs being outcompeted by the LCs much deeper pockets used for attracting and keeping employees.

“The expansive growth of some corporations or, in particular of [the LC], had massive impact on the employee fabric of the district. First, the large and growing corporations have headhunted for employees in SMEs. The latter have trained and skilled them to be blacksmiths, plumbers, carpenters, etc. Once they are done, the employees get a better offer, and leave because of better reputation, higher wage and social benefits – everything a large corporation can afford and a small one cannot – for the large corporation. This makes the situation for SMEs quite difficult.” (Interviewee 10, 2019)

Consequently, by concentration and preservation of wealth creation within the linkages network, SMEs and artisanry stand little to no chance of survival outside the network. Also, no infinite number of businesses’ products and services can be used within the network – ultimately leading to the wind-down of otherwise healthy businesses and traditional artisanry, clearly representing destruction of regional wealth. Another consequence and form of wealth destruction materialises in the resulting smaller choice employees face when picking the businesses, they want to work with.

Despite the economic realm brings up these dynamics, their ramifications reach far wider, ultimately shaping the region’s social structure: As the parallel economy develops, parallel social structures emerge simultaneously through the translation of exclusive affordability or access to goods and services for one group of people into different living conditions experienced by other groups.

Owing to higher wages, employees of the LC have better access to goods and services. Some goods or services, although physically present, are also not accessible for affluent inhabitants not employed with the LC such as the nursery, reserved for children of LC employees only. Following, social wealth destruction takes place as inequality between groups grows. Now, inequality additionally originates from peoples’ employment with the LC, constituting another layer to already existing discrimination on the base of sex, race and class, as LC employees have exclusive access to e.g. a nursery and education programmes and belong to an “in-group”. See the following statements, one with regard to the corporate’s nursery

and one about belonging to an in-group characterized by employment with the LC:

“You cannot get [your kids] in, only kids of [LC] employees are admitted.”
(Interviewee 8, 2019)

“Surely, many people want to work for [the LC] because of its brand and because they want to be part of [the LC]-family.”(Interviewee 5, 2019)

Turning to the political realm, even though uneven distribution is reduced by taxing and redistribution the corporation’s profits, tax-generating economic expansion went hand in hand with closer collaboration between politics and the LC in order to secure future wealth creation. However, this focus on wealth creation within the network created dynamics of wealth destruction also in political regard: Firstly, destructive dynamics can be located in the scope, ability and reach of democratic structures in the region. The ability to create wealth assigns power to the wealth creator. Once wealth creation is concentrated by one or few actors as is the case in this study, power imbalances between the wealth creator (the LC) and the traditional wealth distributor (here the elected council members) can occur, succeeding in the disintegration of democratic processes. Information gathered on linkages between the LC and political decision makers did indeed indicate rising power interdependency (parallel horizontal power structure). Here, wealth destruction is located in the ultimate undermining of democratically legitimised decision making as the LC gains power towards councils as the next quotes clearly show.

“[The LC’s CEO] is a businessman, if something does not exactly go his way, there is little tolerance or understanding from his side. [...] He is surely of the assertive type; one could even call him a power seeker.” (Interviewee 1, 2019)

“I absolutely think, that if you are for example a large corporation’s boss and you want to construct something in a certain region, this will be easier for you. Somebody else asking for the same, will not get the land rededicated as easily to be able to start construction. But he, the boss of the firm ... it is just easier for him, [as] he got leverage.” (Interviewee 12, 2019)

“Politicians are very influenced; I would even say partly in a corrupt way.”
(Interviewee 7, 2019)

Additionally, this dynamic destroys wealth as citizens’ trust in democratic structures and their political representatives is damaged. Secondly, if wealth distribution is strongly in control of or determined by a privately held corporation instead of publicly elected politicians, democratic wealth is destroyed too. This is because democratic wealth also is the wealth realized in the possibility for citizens to elect – in accordance with their interest and values – a council which is, among others, responsible to distribute wealth following their voters’ interest. This can be done by e.g. building schools and health care facilities or protecting nature, etc. However, is this coun-

cil's power to distribute wealth constrained or side-lined by another distributive force, democratic wealth – originating from democratically legitimised power over distributive issues – is lost (vertical parallel power structure), because the LC as wealth distributors follows interests different from voters' interests. Opposing interests can lie for example in required street-building for the corporation to be better connected and the interest of building no new streets to preserve nature and a calm environment by local residents.

As this analysis incorporates a wealth of data, the following Table 4 summarizes what has been said and categorizes information into themes.

3.2 Capabilities of employees, citizens and voters and their transformation under economic development on the back of a lead firm

The living realities of three individuals in their mid-twenties provided the base for the capability analysis. Two of them are male and work for the lead corporation (LC), differing in their health condition because one suffers from physical impairment. They have a technical profile, are part of the sought-after labour force and well paid. The third interview partner is a mother and works part-time as caretaker. She differs from the first two male interviewees, firstly, in that she works outside the network but is highly relevant for the region's health and care infrastructure. Secondly, she has a family – two children with her partner.

3.2.1 Conditions of and differences in live experiences between three individuals

Starting to look into the lives of just three individuals of same age and origin enables to take an account of their deviating life experiences stemming from differences in sex, health and employment. By deviating in these regards, their experience of living in the region nonetheless differ strikingly. Table 5 summarizes the main information about their living experiences.

The observations collected clearly show vast differences in the lives of people and emphasize differences in economic capabilities and purchasing power arising from an individual's employer (NGO vs. privately owned LC) and the individual's job profile (social vs. technical). For example, the two male interviewees earn up to € 4.30-5.00 more per hour than the female caretaker.¹³ The comparison also depicts deviations in social capabilities through constraining traditional views on mother- and womanhood, as the interviewee does not seem to consider alternative arrangements for childcare in order to advance in her job.

When being asked why there is such a lack of caretakers: "Because you cannot really combine this job with family. ... one cannot visit the school in order to upskill, one cannot start the training if you have kids." (Interviewee 9, 2019)

Table 4: List of identified themes and mapping of parallels and wealth creation/destruction

	Themes	Subthemes	Wealth creation/wealth destruction
Economic	Increased employment & income	<ul style="list-style-type: none"> • Rising GRP, local differences in number of firms opening up or closing down, employment figures • Rising sales and employee numbers of lead corporation • Expanding municipality finances • Larger labour force 	<ul style="list-style-type: none"> • Wealth creation by emergence of parallel economy for people and businesses inside the linkages network • Wealth creation by higher tax payments to municipalities • Wealth destruction by emergence of parallel economy for people and businesses outside the linkages network
	Increased land usage	<ul style="list-style-type: none"> • Higher prices • Boom of construction projects, business buildings and streets 	<ul style="list-style-type: none"> • Wealth creation by emergence of parallel economy for people within the network and in possession of land • Wealth destruction by emergence of parallel economy for people outside the network and without land
Social	Increased population	<ul style="list-style-type: none"> • Higher population density • Rising group of elderly, shrinking group of children • Rising net migration • Decreasing life expectancy 	<ul style="list-style-type: none"> • Not covered by linkages analysis
	Persistent and increasing inequalities between groups of population	<ul style="list-style-type: none"> • Traditional lifestyle • Higher mortality rates for migrants • Insufficient availability of (public) childcare, health and social counselling facilities 	<ul style="list-style-type: none"> • Wealth creation by emergence of parallel society for some as additional social services are accessible • Wealth destruction by emergence of parallel society because of exclusion of services and increasing inequality for many
Political	Political responsibility	<ul style="list-style-type: none"> • Focus on supporting LC wealth creation within network to sustain tax inflows 	<ul style="list-style-type: none"> • Wealth destruction by emergence of horizontal power structure resulting in growing power of LC towards politics (only tax source, main employer)
	Reduced interest in regional politics	<ul style="list-style-type: none"> • Falling participation rate 	<ul style="list-style-type: none"> • Wealth destruction by emergence of parallel power structures (vertical and horizontal) resulting in uneven distribution and loss of trust by voters into their representatives
	Loss or weakening of long-held majorities from governing parties	<ul style="list-style-type: none"> • Persistence of right-wing party (FPÖ)¹⁴ • Slow strengthening of the green party • Losses for social democratic party (SPÖ)¹⁵ and conservative party (ÖVP)¹⁶ 	<ul style="list-style-type: none"> • See above
	New local political initiatives	<ul style="list-style-type: none"> • Formation of citizens' initiatives to pursue interests opposed to the LC's interests 	<ul style="list-style-type: none"> • See above

Also, rigid ideas of origin (born in a municipality vs. born in a neighbouring municipality but living in another) constrain social capabilities. The woman does not feel to be a full member of the municipality's society, even though she lives there for already six years and has been a part of the regional society ever since – she grew up in just the neighbouring municipality.

“I keep aloof from [political events] as I do not count myself as actually being a member of this municipality” (Interviewee 8, 2019)

Interviewees also differ strongly in their perceptions of feeling equally free and assured of one's future (pessimistic vs. optimistic perspectives):

“My partner is definitely freer because he does not have to worry about the kids all [the] time, or go there, drive there [for them]. In fact, everybody seems freer to me than I do.” (Interviewee 8, 2019)

“No, why should [anyone] be freer than I am?” (Interviewee 11, 2019)

“I think the majority of people who [are not physically impaired] or mentally ill [are freer than I am].” (Interviewee 12, 2019)

Alarmingly, none of them feels represented by (local) politicians or parties, and all state, at least implicitly the perception of power imbalance between regular and economically powerful actors in influencing local political decisions.

When asked if political decision makers were influenced by the strong economic expansion: “There is a lot one can settle with money.” (Interviewee 8, 2019)

When asked if somebody else's interests are considered by regional politicians rather than the interviewee's: “It is all a give and take. I would not yet call it corrupt but things go hand in hand.” (Interviewee 11, 2019)

Same question: “I don't know. Businesses – partly.” (Interviewee 12, 2019)

However, the male interview partners rather believe in being able to make a change by becoming politically active, while the woman does not articulate the same confidence. Lastly, their own conditions inform their assessment of all people's opportunity to live a humane, worthy life in the region. By telling from her daily experiences at work, the female caretaker strongly opposes a view of universally good and humane, regional living conditions. Her understanding of economic deprivation leading to miserable living conditions regionally is not mirrored by the remaining two interviewees.

„[...] I see it daily in my work how the elderly suffer [...] and live in really cruel conditions and spend their last penny for us to come, they even deny themselves to eat to be able to afford our service. And I think, conditions could not be more inhumane [...]” (Interviewee 8, 2019)

“Yes, I think everybody can live such a life.” (Interviewee 11, 2019)

This means that people who struggle are not present in other regional citizens' concerns and therefore any discussion about solutions for these individuals is hampered. Hence, struggling people's capabilities are con-

Table 5: Three profiles' conditions for life in the region

	Young mother, mid-twenty, part-time care-taker	LC technical employee, mid-twenty, male, physically impaired	LC technical employee, mid-twenty, male
Nationality	<ul style="list-style-type: none"> Born and raised locally 	<ul style="list-style-type: none"> Born and raised locally 	<ul style="list-style-type: none"> Born and raised locally
Phase of life	<ul style="list-style-type: none"> Two children, starting with school, young family 	<ul style="list-style-type: none"> Middle of career, no relationship 	<ul style="list-style-type: none"> Middle of career, starting phase of family life
Employment	<ul style="list-style-type: none"> No substantial pay rise in the last 4 years 4 years with the current employer Enjoys her job and sees a socially necessary purpose in it, does think to find another job with her qualification in the region easily 	<ul style="list-style-type: none"> Pay rises in the last 5 years 5 years with current employer Enjoys his job but does not really see a socially necessary purpose in it, thinks to find another job with his qualification in the region easily 	<ul style="list-style-type: none"> Substantial pay rises in the last 5 years 5 years with current employer Enjoys his job but does not really see a socially necessary purpose in it, thinks to find another job with his qualification in the region easily
Perception of prices and use of income	<ul style="list-style-type: none"> Thinks that prices have risen more than her income Investments are guided by needs informed by family life and children's requirements 	<ul style="list-style-type: none"> Thinks that prices have not risen more than his income Investments are guided by needs informed by his health condition and hobbies 	<ul style="list-style-type: none"> Thinks that prices have not risen more than his income Investments are guided by needs informed by the plan to build an own house and hobbies
Future outlook	<ul style="list-style-type: none"> Rather anxious + pessimistic future expectations (and this is not changed by the rapid economic expansion of large corporations, possibly because they are perceived as parallel economy and society) 	<ul style="list-style-type: none"> Optimistic future expectations regarding his professional life/no expectations regarding his personal life (because of his health) → dependent on the state of medicine and research 	<ul style="list-style-type: none"> Optimistic future expectations since his family did well, he is doing well, and he also expects his children to do well
Politics and citizen's interest	<ul style="list-style-type: none"> Is not politically interested because she does not feel addressed by politicians Feels rather powerless to achieve political support for her interests 	<ul style="list-style-type: none"> Is not politically interested because he cannot identify with the political figures Thinks that, if needed and in his interest, he can have an impact on regional politics to change something he is dissatisfied with 	<ul style="list-style-type: none"> Is not politically interested because he cannot identify with any party Thinks that other's interests might be considered more by the regional politicians, given those others' social status and economic potency Additionally, if he wants to change anything in the regional political scene, this would take time since one needs to be member for longer until one is being listened to and accepted in the scene

<p>Hobbies and time for oneself</p>	<ul style="list-style-type: none"> • No hobbies for herself out of lack of time • 1 hour and ten minutes a day "me-time" and limited in her freedom by childcare responsibilities but does not perceive there to be valuable alternatives to the current arrangement (day care or partner taking bigger responsibility) 	<ul style="list-style-type: none"> • Has hobbies which are similar to the tasks he carries out at work • Has a lot of time for himself (5 hours a day without sleeping) since there are no other responsibilities besides his employment 	<ul style="list-style-type: none"> • Has hobbies related to sports • Has a lot of time for himself (5 hours a day without sleeping) since there are no other responsibilities besides his employment and his relationship
<p>Home and the region's influence</p>	<ul style="list-style-type: none"> • Has her own apartment, however she does not own it but her partner's family indicating substantial dependency • Wishes to have a house with garden some day • Thinks that the region enables her a life she wants to live 	<ul style="list-style-type: none"> • Has his own area in a shared house with his parents and grandparents which lacks some adaptations to be fully accessible for him • Probably a house for himself would be too much burden and thus, not on his wish list out of pragmatism • Thinks that if the region would be more accessible for physically impaired people, it would be easier to live a life as he would like to live 	<ul style="list-style-type: none"> • Has his room in an apartment shared with his parents in a house shared with his grandparents which got a little too small, however, he plans to build a house himself soon • Thinks that the region enables him to live a life as he would like to live, he also thinks that the region would enable him to live a completely different life. However, he does not see the necessity to change anything
<p>Freedom</p>	<ul style="list-style-type: none"> • Feels as a free human being but thinks others, e.g. her partner, her children and her superior are freer than her 	<ul style="list-style-type: none"> • Sees himself only partly as a free human being, impaired by his illness, thinks that all people who are mentally and physically healthy are freer than him 	<ul style="list-style-type: none"> • Sees himself as a free human being, does not see a reason why somebody else should be freer than him
<p>Social inclusion</p>	<ul style="list-style-type: none"> • Feels as part of the regional society, however, only partly of the local one since she moved from the neighbouring municipality six years ago to her current home, this also influences her in her behaviour and attitude towards local politics and her perceived right to speak up 	<ul style="list-style-type: none"> • Says he is a part of the regional and local community because he was born, and grew up, locally 	<ul style="list-style-type: none"> • Says he is a part of the regional and local community because he lives locally
<p>Can all people in this region live a worthy, humane life?</p>	<ul style="list-style-type: none"> • "[...] I see it daily in my work how elderly suffer [...] and live in really cruel conditions and spend their last penny for us to come, they do even deny themselves eating to be able to afford our service. And I think, conditions could not be more inhumane, especially for elderly who do not deserve this at all." 	<ul style="list-style-type: none"> • "A humane, worthy life is to be lived by being free, mentally as well as physically. And not all people are able to live such a life in the region as sickness might be around. Additionally, some people are just used to too much [of a good life]." He also sees people's assessment as relative to their living-standard and emphasises that they complain even though they could still live such a life. 	<ul style="list-style-type: none"> • "Having a purpose in life is one step of living a worthy, humane life. Having a hobby, an apartment or house to live, enough money for food and a job you like should be included too." Also, the interviewee does confirm, that everybody can live such a life.

strained by the prevalent state of disinformation or unawareness over their problems by some of their fellow citizens.

Combining insights of this analysis with insights from the linkages analysis, information about wealth creation and destruction can be used to trace changes in capabilities experienced by individuals living in the region. In general, wealth creation usually goes with capability expansion whereas wealth destruction translates into capability deprivation. In some instances, capabilities remained unaffected by economic change but still differ between people. Their relative width or depth as compared to capabilities of others can have changed, resulting in a relative expansion or deprivation.

3.2.2 The Capability Analysis

Subsequently, expansions, deprivations and differences in capabilities are discussed, again, following the division of matters in economic, social and political realms.

Economic

Employment and business-related capabilities

Unquestionably, capability expansions are experienced by employees with the “right” profiles: Technically and highly skilled workers are sought after and very well paid, which clearly translates into capability expansions in their position as employees (better negotiation position and larger choice of employers) and consumers (higher relative purchasing power). As outlined above, economic conditions and capability dynamics directly translate into social capabilities as living realities of people are determined by economic circumstances in a capitalist society (e.g. higher income enables buying a [larger] car or house the possession of which changes living conditions fundamentally). This dynamic of capability expansion is especially true for employees working for the LC as it commands most resources to attract and keep workers. Longer shopping hours of e.g. supermarkets expand capabilities for all consumers. No expansion of capabilities, however, is lived through by employees with the “wrong” profiles like people employed with the just mentioned longer-open supermarkets or health and social care institutions, whose resources to pay their employees well are much smaller as e.g. the latter are publicly run or NGOs. It is a well-known fact that such work is done over-proportionally by females. A very direct capability deprivation is borne by employees wishing to work for SMEs, artisanry or simply outside the linkages network as the pool of employers they can choose from shrinks considerably over time. Simultaneously, entrepreneurs’ capabilities to operate successfully outside the linkages network become very limited as competition for skilled employees exacerbates.

Land-related economic capabilities

Turning to resulting dynamics of intensified land use, capabilities clearly expand for propertied classes – being able to sell-off land to rising prices – and contract for the property-less. The latter's deprivation of economic capability again translates as limiting factor into their social capabilities by e.g. making it impossible for them to live where they grew up due to the limited space and high prices for land and housing.

“Our children will not have construction plots left, if they continue selling like this.” (Interviewee 9, 2019)

Moreover, intensified land usage and soil sealing means noise, ecological destruction and loss of biodiversity, leading to constraints in the capability of living in a relaxed and safe environment. At the same time, more streets and business expansion result in increased traffic, aggravating this form of capability deprivation.

Social*Population number-related capabilities*

A higher population comes with extended capabilities in terms of social interaction. It is easier to find like-minded people out of a greater pool of residents. Also, the opportunity for cultural exchange expands capabilities to get to know and learn from other cultures. A generally higher liveliness can stimulate demands for social contact, expanding capabilities in this regard. Additionally, more people usually call for a higher range of public services, ultimately expanding capabilities drawn from publicly provided education, health and social care for all.¹⁷ However, increased population density also comes with less space for every citizen and different opinions about issues. This can lead to capability deprivation in the way that people who have always been living here feel confronted with unfamiliar concepts, new rules and the requirement to share space with others.

Equality-related capabilities

The state of persistent inequalities between groups materialising in discrimination on the basis of sex, race and age constitutes major capability deprivations for women, LGBTQI people, migrants and young or elderly. Traditional gender roles leave women with a triple burden, being responsible for the household, child rearing and earning additional household income.

[When asked about the reality of women in the region] “I think, it is still very traditional. And child carers are the enemy of grandmothers. However, this is a disappearing constellation, grandmothers in my generation will have to work, and children will be taken care of in nurseries. And still, when the nursery first opened, mothers dropping off their children were seen as unnatural/callous mothers.” (Interviewee 9, 2019)

Additionally, regions with strongly rooted traditional views on gender roles are rather less supportive of individuals identifying homo-, trans- or bisexual. Furthermore, historically grown racism against people with migrant background leaves them with little chance for social mobility, climbing up the regional class-ladder.¹⁸ On the other hand, highly-skilled individuals new to the region are met with scepticism by locals too, as they are seen as “intruders” and, again, may introduce different ways of lives and perspectives to the region not welcomed by the local population. One interviewee asked about conflict potential out of growing population diversity stated:

“Well, I think, that conflicts will emerge. It is the case, that there are little points of contact between such groups. I notice, [...] that some local people do not understand at all how the newcomers think and vice versa. [...] This has to do with things like ‘we have always lived here and know how it is’ and the others say ‘yes, but this can be changed’.” (Interviewee 4, 2019)

Due to insufficient public transport and facilities such as easily accessible health care, social counselling facilities or elderly care, sick, disabled, non-individually motorised people and elderly face capability deprivations in their daily live compared to healthy, young or middle-aged people in the possession of a driving license and a car. Lastly, the aforementioned new layer of discrimination based on one’s employer is creating another realm of capability deprivation as non-accessibility to certain services or the emergence of an in-group, whose members are characterised by their employment with the LC, triggers dynamics of social exclusion.

Political

Once political capabilities are discussed, it is important to understand that capabilities of voters can on the one side be seen in the capability of being important enough to politicians for following voters’ interests. Additionally, political capabilities can be identified in their effect in impacting voters’ capabilities overall by determining their living conditions.

Political responsivity-related capabilities

As there are some groups excluded from the right to vote, such as non-Austrian citizens, they exhibit no change in capabilities, however, face substantial differences in capabilities relative to others, who are allowed to vote. This severely constrains the former group’s capability of making themselves important enough to have politicians considering and pursuing their interests. Simultaneously, close linkages between the LC and politics translate into voters’ dissatisfaction with politics’ focus on sustaining wealth creation through the LC. Skewed political responsivity to the corporation’s interests instead of citizens’ interests deprives the latter’s capabilities to find political support for opposed or alternative ideas and programs.

Political interest-related capabilities

A skewed political responsiveness also leads to lower political interest as individuals feel disempowered and do not believe that they can make a change. In general, such a condition can lead to falling participation rates, which has already been observed. Clearly, such developments are strongly depriving voters in their capabilities of political participation and decision making. In consequence, capabilities in various other realms are constrained as well since their interests do not find their way into political discussion and decision making any more.

Loss or weakening of long hold majorities and capabilities

By losing or weakening of their majorities, governing parties are forced to seek compromise with other parties which ultimately increases the diversity of voters' interests followed by politics and thus voters' capabilities. However, a more complex compromise-seeking process might take longer time for decisions, citizens are waiting for and dependent of.

“Regional politics got more colourful, because we for very long, had a traditional stronghold of the Social Democratic Party, which has in the meantime, been changed. There is more input from different people with different perspectives who moved here now. It is harder to work [together] in the council but it still works.” (Interviewee 4, 2019)

New local initiatives and capabilities

The emergence of new local initiatives triggered self-induced capability expansion for voters as they have greater choice, with which group they become politically active. Additionally, capabilities expand as higher political participation by citizens also empowers individuals which are currently not politically active, again translating in increases of capabilities as both, voters and inhabitants.

The following Table 6 gives an overview, over how development by a lead firm impacted peoples' capabilities in economic, social and political realms.

3.3 Conflicts as result and trigger of development

The preceding analyses clearly show that development has gone in different directions and uncover reasons for the emergence of conflicts between different groups. In general, sources of conflicts are taken to arise out of dynamics of wealth destruction, capability deprivation and differences in capabilities. In other words, emerging conflicts represent struggles over economic inequality, social exclusion and skewed political responsiveness. As these sources occurred simultaneously with the present form of development, the resulting conflicts need to be taken as outcome of this development. Nevertheless, conflict is not only a consequence but

Table 6: Summary of the capabilities analysis

	Themes	Subthemes	Capabilities
Economic (capabilities of employees, consumers and entrepreneurs)	Increased Employment	<ul style="list-style-type: none"> Higher income Exclusive character of increased employment opportunity and related economic upswing 	<ul style="list-style-type: none"> Expansion: More job diversity, larger choice of employers, easier to find a job, better negotiation position, high provision of social services and good working conditions, short commutes, longer shopping hours for consumers No expansion: for non-technical profiles which are predominantly female, for low-skilled profiles which are often local people, migrants or elderly Deprivation: for people working or wishing to work in retail or artisanry jobs or are employed by SMEs, for entrepreneurs wishing to operate outside the network.
	Increased land usage	<ul style="list-style-type: none"> More streets More and expanding firms Higher prices 	<ul style="list-style-type: none"> Expansion: Mobility due to dense street network for car owners, more employment opportunities due to more/expanding firms, higher income from selling land for propertied people Deprivation: in capability of relaxation and safety due to increased noise and traffic, for property-less to buy/build/rent accommodation, in living where one grew up
Social (capabilities of inhabitants)	Increased population	<ul style="list-style-type: none"> Higher liveliness of region Higher diversity Higher population density 	<ul style="list-style-type: none"> Expansion: Higher attractiveness to live in the region, a larger pool of people to be socially included, find one's own group and exchange culturally, increased public provision of goods and services Deprivation: Ability to know everybody, to do things as they have always been done, to use up a lot of space
	Persistent inequalities between groups	<ul style="list-style-type: none"> Traditional views Discrimination on the basis of sex, race and age Insufficient facilities and awareness about struggles of minorities Discrimination on the basis of one's employer 	<ul style="list-style-type: none"> Deprivation: social inclusion as female, insufficient public transportation accessible for physically impaired, elderly and youth, migrants facing prejudices, high-skilled newcomers facing skepticism, social exclusion on the basis of one's employer due to exclusive corporate provisioning, affordability of land/housing, etc.
Political (capabilities of voters)	Political responsibility	<ul style="list-style-type: none"> Groups excluded from the right to vote Increased dissatisfaction with politics through perceived focus on supporting LC wealth creation within network to sustain tax inflows 	<ul style="list-style-type: none"> No expansion: Exclusion of non-Austrian citizens from their right to vote Deprivation: Neglect of social interests, dependence on tax income might potentially decrease citizens' ability to find political support for suggestions opposed to firm interests
	Reduced interest in regional politics	<ul style="list-style-type: none"> Falling participation rate 	<ul style="list-style-type: none"> Deprivation: Development of manifest election abstinance for disempowered individuals resulting in capability deprivations in various realms of their life

<ul style="list-style-type: none"> • Expansion: Governing parties are forced to compromise with other parties, increasing diversity of voters' interests followed by politics • Deprivation: A more complex compromise-seeking process might take time for decisions voters are dependent of • Expansion: Increases opportunity to become politically active/find a political group one belongs to, politically empowers individuals 	<ul style="list-style-type: none"> • Persistence of right-wing party (FPÖ) • Slow strengthening of the green party • Losses for social democratic party (SPÖ) and conservative party (ÖVP) • Formation of citizens' initiatives 	<p>Loss or weakening of long-held majorities from governing parties</p> <p>New local political initiatives</p>	
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also a trigger of development as the formation of new citizens' initiatives have been on the grounds of conflict between citizens, politics and the LC. A more detailed discussion of conflict potentials between various stakeholders is presented in Hehenberger (2019).

4. Discussion of results and final comments

This section answers the posed research questions, discusses the relevance, usability and limitations of results achieved and describes realms for desirable future research. In general, it can be concluded that the practice of looking at development in terms of economic growth only is dangerous and poses an antithesis to the inherently *social* of (humanity's or a region's) *progress*.

1. Which ramifications had/has the regional development of concerned municipalities by monopolistic economic activity of a lead firm on economic, social and political factors of *the regional population* in question?

The capability analysis clearly shows a mixed record of capability expansion and deprivation between groups. Additionally, differences in capabilities remained. Overall, capability expansion was strongest for healthy, local, male, (highly-)skilled technical workers. In contrast, individuals excluded from economic and social capability expansion or even suffering from intensification of pre-existing unfreedoms are over-proportionally females, people with migrant background, impaired or elderly. Self-induced capability expansion in political regard arose out of past conflict over skewed political responsivity.

2. How does this form of development create, distribute and destroy *value* for concerned municipalities and their population?

The linkages analysis uncovered dynamics of wealth creation as well as destruction through the presence of the lead corporation, serving as a main source of regional wealth. However, as distribution of wealth is strongly controlled by this firm, several parallel structures emerge such as a parallel economy, a parallel society and parallel horizontal and vertical power structures, emerging from and reinforcing uneven distribution.

3. Which conflicts could emerge from this form of development?

Conflicts are taken to emerge from identified capability deprivations and wealth destruction dynamics accompanying the development of a region by economic expansion of a lead firm. Next to being an immediate result of this type of development, conflict also

carries the potential for capability expansion and wealth creation as was the case with the formation of new citizens' initiatives.

This case study describes the development of a region from economic misery to success and its insight can be used to avoid the emergence of too accelerated wealth destruction dynamics and too intensified capability deprivation. Through this, it can also be used to anticipate where conflicts could arise. Lastly, the results emphasize that economic expansion is not generally and universally good and therefore provide room for argumentation of politically following interests to expand social and political capabilities less unevenly as economic expansion, left on its own, does.

Of course, results of a case study are highly context dependent. However, a thick description of the case guides the reader in order to self-assess transferability of results into another case. Other limitations may arise through chosen data collection methods such as the qualitative interview, which is known to skew responses according to the interviewee's and interviewer's condition, perception and experiences before and during the interview. However, the depth of information gained by this technique offsets its weaknesses.

The development of the region has not ended with its depiction through this case study, hence, a further observation and evaluation of results obtained, and new dynamics would be of fundamental interest. Including additional layers of secondary and primary information on more topics is, of course, a desirable way to enhance and develop this research.

Endnotes

- ¹ Due to privacy reasons and the requirements of data protection regulations, names of people, towns, municipalities, regions, the county and companies are anonymized, exchanged with pseudonyms or deleted. Thus, all names are fictional and any similarity with persons, towns, municipalities, regions, counties and companies are purely accidental. This is necessary to protect interview partners who helped this research project immensely by assisting with their experience and knowledge which could not be obtained any other way. Interviews were held in German, hence, all presented quotes were translated by the author.
- ² Henceforth, the leading corporation is also referred to as "LC".
- ³ The 13 municipalities are also labelled "focus municipalities" (Statistik Austria, 2019a; 2019b; 2019c).
- ⁴ As abovementioned, for reasons of data protection, the county and with it the county-data base cannot be specified.
- ⁵ Hirschman (1958).
- ⁶ Statistik Austria (2019a).
- ⁷ Statistik Austria (2019c).
- ⁸ Statistik Austria (2019b).
- ⁹ Statistik Austria (2015-2018a; 2015-2018b).
- ¹⁰ All tables taken over from Hehenberger (2019), some with minor adaptations.
- ¹¹ However, this approximation must be taken with care for several reasons: The number

of linkages is only a start of what can be a comprehensive linkages analysis if the goal of study is to adequately all linked actors. Moreover, approximations of the number of jobs at small-sized companies are taken to be 10-20. This seems justified by research of firm area size (via Google Maps), the large proportion of family-owned businesses and the fact that some do not even have a homepage. The middle-sized drop-forgery claims to have above 100 employees on its homepage.

¹² Statistik Austria (2019c).

¹³ Adjusted for differences in working hours.

¹⁴ Freiheitliche Partei Österreichs, Freedom Party Austria.

¹⁵ Sozialdemokratische Partei Österreichs.

¹⁶ Österreichische Volkspartei, Austrian People's Party.

¹⁷ This capability expansion is tightly linked with economic circumstances of the region as outlined in the linkages analysis. It needs to be emphasised that this is a major improvement, which is in the ongoing capabilities analysis defined as population-related capability expansion.

¹⁸ Prejudices are rooted because people with migrant background have mainly been employed in menial jobs for ages, and many working at the assembly lines of local industries are still of southeast or east European background. The condition of people with migrant background being pinned down in these menial jobs reinforces prejudices against their skills and potential capabilities and thwarts their possibility of climbing up the career and social ladder regionally.

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Explanatory notes

County:	a county/part of Austria (e.g. Carinthia)
Area:	district level
Region, regional level:	13 focus municipalities
Local, locally:	on municipality level
LC:	leading corporation, master venture, corporation which is at the heart of the region's development
Accommodating municipalities:	2 municipalities out of the 13 municipalities which accommodate sites from the LC (headquarter, production sites, offices, etc.)

Abstract

Driving a region out of economic misery on the backwash of an expanding corporation needs careful consideration of pre-existing and emerging differences between stakeholders to be inclusive and sustainable. In order to keep democratically legitimised structures in place and foster inclusive societal progress, the upswing accompanying-dynamics of wealth creation, its distribution and wealth destruction need to be considered by political decision makers. Is development analysis done merely in economic terms, considerable changes in the lives of people are ignored. Ultimately, if wealth destruction, uneven distribution and peoples' deprivation of capabilities are results of such a mode of development and its one-sided analysis, so is conflict.

Zusammenfassung

Die wirtschaftliche Entwicklung einer Region auf dem Rücken eines expandierenden Unternehmens muss verschiedene *Stakeholder* und ihre unterschiedlichen Realitäten berücksichtigen, um inklusiv und nachhaltig zu wirken. Damit demokratisch legitimierte Strukturen als primäre Kanäle zur Verteilung von sozialen Dienstleistungen und Wohlstand beibehalten und sozialer Fortschritt gefördert werden, müssen Begleiterscheinungen des wirtschaftlichen Aufschwungs bezüglich Wohlstanderschaffung, sowie seine Verteilung und Vernichtung, von politischen Entscheidungsträgern berücksichtigt werden. Bleibt die Entwicklungsanalyse nur auf ökonomische Faktoren reduziert, werden beachtliche Veränderungen in den Lebensrealitäten der Bevölkerung ignoriert. Ist die Vernichtung von Wohlstand, seine ungleiche Verteilung und die Deprivation von Menschen in ihren Fähigkeiten ein Resultat einer solchen Entwicklung und ihrer reduzierten Analyse, so wird auch Konflikt ein fixer Bestandteil der gemachten oder zukünftigen Erfahrung sein.

Key words: Economic development, development analysis, heterodox economy, political economy of regional development, capabilities analysis, linkages analysis, conflict.

Schlüsselbegriffe: Wirtschaftliche Entwicklung, Entwicklungsanalyse, Heterodoxe Ökonomie, Politische Ökonomie der Regionalentwicklung, Befähigungsanalyse, Verflechtungsanalyse, Konflikt.

JEL codes: B04, B51, B55, L12, L16, O11, O18, R11, R23, R50.