



ORIGINAL ARTICLE

Citation: Lankauskienė, R., Simonaitytė, V., & Gedminaitė-Raudonė, Ž. (2026). Servitising rural heritage: Social innovation and the social economy in peripheral Europe. *Equilibrium. Quarterly Journal of Economics and Economic Policy*, 21(2), 709–742. <https://doi.org/10.24136/eq.4292>

Contact to corresponding author: Rita Lankauskienė, rita.lankauskiene@ekvi.lt

Article history: Received: 24.02.2026; Accepted: 22.06.2026; Published online: 30.06.2026

Rita Lankauskienė

Lithuanian Centre for Social Sciences, Lithuania

 orcid.org/0000-0003-3112-5415

Vitalija Simonaitytė

Lithuanian Centre for Social Sciences, Lithuania

 orcid.org/0000-0003-2360-2234

Živilė Gedminaitė-Raudonė

Lithuanian Centre for Social Sciences, Lithuania

 orcid.org/0000-0001-8437-5368

Servitising rural heritage: Social innovation and the social economy in peripheral Europe

JEL Classification: O35; R11; R58; Q01; L31

Keywords: rural development; social innovation; servitisation; social economy; heritage-based diversification

Abstract

Research background: Rural regions across post-industrial Europe face persistent structural vulnerabilities such as demographic ageing, selective outmigration and economic monocultures. At the same time, these regions possess underutilised cultural, ecological and social resources that can become drivers of regeneration. While social innovation, heritage-based development and the social economy have been widely examined, attention has been limited regarding how heritage assets can be transformed into diversified service ecosystems and

Copyright © Instytut Badań Gospodarczych / Institute of Economic Research (Poland)

This is an Open Access article distributed under the terms of the Creative Commons Attribution License (<http://creativecommons.org/licenses/by/4.0/>), which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited.

institutionalised within social economy structures. In this context, the concept of rural heritage servitisation offers a useful analytical lens for understanding these processes.

Purpose of the article: This study examines the Lithuanian spa town of Druskininkai as an analytically informative case for exploring how community initiatives reinterpret heritage as a basis for social innovation and economic diversification. It conceptualises rural heritage servitisation as a bridging mechanism between community-led experimentation, service creation and institutionalised social economy structures.

Methods: The study employs a mixed methods case study design combining desk research, policy and document analysis, stakeholder consultations and semi-structured interviews with implementers of six social economy initiatives. Qualitative coding and comparative synthesis are used to identify innovation, servitisation, inclusion and institutionalisation patterns.

Findings & value added: The findings demonstrate how community actors in Druskininkai transform cultural, natural and social heritage assets into diversified education, health, tourism, care and community development services. These initiatives strengthen social cohesion, local resilience and economic diversification while supporting the institutionalisation of social innovation. The study advances theory by positioning rural heritage servitisation as an integrative framework connecting social innovation, servitisation and the social economy while offering new insights into heritage-based pathways of rural transformation. The results contribute empirically by providing a policy-relevant model for implementing European Union's rural development instruments such as Liaison Entre Actions de Développement de l'Economie Rurale (LEADER), Smart Villages and the Common Agricultural Policy (CAP) Strategic Plan 2023–2027.

Introduction

Rural regions in Central and Eastern Europe remain sites of structural vulnerability within the post-industrial transformation of the European economy. Processes of demographic ageing, selective outmigration and labour market precarity intersect with limited diversification, leaving many communities exposed to social exclusion and dependency on external centres (Shucksmith, 2000; Navarro *et al.*, 2016). These regions also hold cultural and ecological resources that can be mobilised as new development drivers, consistent with the European Union's (EU) emphasis on smart, sustainable and inclusive growth. The challenge lies in transforming inherited structures into diversified service economies capable of generating resilience and inclusion.

Although this study focuses on a European case, the challenges it addresses are not unique to the EU. Rural regions across North America, Latin America and Asia increasingly face demographic ageing, youth outmigration, shrinking service provision and growing difficulties in maintaining economic vitality and social cohesion in peripheral territories (Vercher *et al.*, 2021; Steiner *et al.*, 2023; Pontones-Rosa *et al.*, 2025). At the

same time, many of these regions possess underutilised cultural, environmental and social resources that are insufficiently integrated into contemporary development strategies. Recent international research highlights the growing significance of community-led social innovation, locally embedded entrepreneurship and place-based development approaches for addressing these challenges and strengthening territorial resilience (Vercher *et al.*, 2021; Steiner *et al.*, 2023). Consequently, understanding how heritage assets can be transformed into diversified service ecosystems has significance beyond the European context. The findings of this study contribute to broader international debates on rural resilience, social innovation, territorial development and local communities' influence on generating sustainable and inclusive forms of regional transformation.

Recent studies have highlighted the importance of social innovation, heritage-based development and social economy initiatives in addressing challenges faced by peripheral rural regions (Vercher *et al.*, 2021; Steiner *et al.*, 2023; Priatmoko *et al.*, 2023). However, these research streams have largely evolved in parallel, providing limited understanding of how heritage assets are transformed into diversified service ecosystems and subsequently institutionalised within social economy structures. This gap remains particularly relevant in regions seeking to strengthen resilience through locally embedded forms of innovation.

Druskininkai is a spa town in southern Lithuania that illustrates this paradox. Once a prominent health resort, the town has faced combined pressures of population decline, economic restructuring and dependency on seasonal tourism. However, it also possesses unique heritage assets, ranging from mineral waters and spa traditions to forest landscapes and artisanal crafts, all of which constitute a latent foundation for regeneration. Recent initiatives supported by EU rural policies and local civic action have begun to reconfigure these assets through servitization processes in which cultural heritage and ecological amenities are transformed into diversified services spanning health, education, recreation and social care.

This article investigates Druskininkai as a case of heritage-based diversification. Using data collected during the EU Horizon programme Enhancing Social Innovation in Rural Areas (ESIRA) project implementation in Lithuania and the broader ESIRA context, we analyse how local stakeholders conceptualise vulnerabilities, identify opportunities and experiment with social innovations such as platform-based social enterprises. Methodologically, the study employs a mixed methods case study design combin-

ing desk research, stakeholder consultations and semi-structured interviews with six social economy initiatives to ensure triangulation and contextual validity to answer three interrelated questions:

Q1: How is rural heritage being reinterpreted as a resource for social innovation in Druskininkai?

Q2: What institutional and governance arrangements enable or constrain this process?

Q3: How does the servitisation of heritage contribute to social inclusion and regional resilience?

The contributions of this study extend beyond the Lithuanian case itself. Rather than treating Druskininkai as a unique local example, we use it as an analytically informative case through which broader mechanisms of rural transformation can be examined. Similar challenges of demographic decline, dependence on seasonal economies, service withdrawal and underutilised heritage resources are observed across peripheral regions in Europe, North America and Asia (Shucksmith, 2000; Woods, 2011; Vercher *et al.*, 2021; Steiner *et al.*, 2023). Therefore, the findings offer insights that are transferable beyond the immediate empirical setting.

The remainder of this paper is structured as follows. Section 2 reviews the relevant literature, previous empirical international studies and presents the heritage servitisation conceptual framework. Section 3 describes the research methodology and case study design. Section 4 presents the empirical findings from the Druskininkai case. Section 5 examines the findings in relation to international research and outlines relevant policy and theoretical implications. Finally, Section 6 concludes, summarising the main contributions of the study, acknowledging its limitations, and identifying directions for future research.

Literature review

Social innovation, servitisation and the social economy in rural development

Rural areas' transformation in post-industrial Europe increasingly depends on social and institutional innovation rather than traditional sectoral growth or physical capital. As many studies argue, rural regions are not merely residual spaces of decline but potential laboratories for new forms of cooperation, governance and entrepreneurship (Bock, 2016; Dax & Oedl-Wieser, 2016; Esparcia, 2014; Tomášková & Kaňovská, 2022; Świadek & Gorączkowska, 2024; Pontones-Rosa *et al.*, 2025). Within this context, social innovation and servitisation are two mutually reinforcing paradigms that illuminate how rural cultural, ecological and social assets can be reconfigured into inclusive, diversified and sustainable service economies.

Social innovation refers to novel social practices, institutions and relationships that address societal challenges and improve collective well-being (Howaldt & Schwarz, 2022; Moulaert & MacCallum, 2023). It departs from linear, technology-driven conceptions of innovation, instead emphasising iterative, relational and context-sensitive processes. Community-led social innovation is rooted in collective agency, whereby local actors mobilise to co-design and experiment with solutions to shared problems. These processes are inherently participatory and adaptive, valuing situated knowledge and inclusivity rather than top-down, externally imposed models (Bartels, 2023; Phillips *et al.*, 2024). This resonates with the principles of interactive governance, where collective design processes foster local actors' learning and collaboration (Sørensen & Torfing, 2019). Such processes are particularly relevant in rural areas characterised by demographic ageing, depopulation and limited institutional capacity. Broader regional conditions also shape innovation potential. Innovation processes in Central and Eastern Europe are strongly influenced by institutional stability, policy coherence and regional innovation systems' adaptive capacity. Research demonstrates that regional innovation systems evolve in response to economic crises, external shocks and changing institutional environments, influencing long-term innovation trajectories and regional resilience (Świadek & Gorączkowska, 2024). Furthermore, Asad, Popesko and Damborský (2024) illustrate that uncertainty surrounding economic policy has a detrimental impact on innovation performance in Visegrad Group countries (Poland, the Czech Republic, Slovakia and Hungary), highlighting periph-

eral regions' susceptibility to external shocks. Against this background, community-led social innovation becomes a local adaptive mechanism as well as a response to systemic fragility. Strengthening trust, networks and social capital is a prerequisite for reducing exclusion and building resilience (Vercher *et al.*, 2021; Cajariba-Santana, 2014; Steiner *et al.*, 2023).

While community-led processes represent the dynamic and experimental side of social innovation, social economy experiences embody their institutional consolidation. They manifest as cooperatives, associations, foundations or social enterprises that integrate social and economic goals. The literature on the social and solidarity economy emphasises how such organisations blend collective benefit with market logic, pursuing hybrid forms of value creation that balance social mission and financial sustainability (Defourny & Nyssens, 2017; Klein *et al.*, 2019; Vilké *et al.*, 2021). Social economy organisations provide local services and employment and embed principles of solidarity and inclusiveness into governance structures. They serve as durable infrastructure for social innovation, translating earlier community mobilisation into structured entities that sustain, scale or replicate their impact. This recursive relationship between social innovation and the social economy has gained renewed attention in EU policy debates, particularly following the European Commission's (2023) Social Economy Action Plan, which positions the social economy as a pillar of just and green transitions.

The concept of servitisation originates in industrial organisation studies, describing the shift from manufacturing products to delivering value through services. In a rural context, it can be reframed to denote the transformation of cultural, natural and social heritage assets into diversified service ecosystems (Baines & Lightfoot, 2012; Lafuente *et al.*, 2020). Rural heritage servitisation refers to the process by which local resources such as traditional crafts, landscapes, spa traditions and cultural identity are transformed into service-based value propositions that support the development of health, education, tourism and community well-being. Applied to rural development, servitisation supports a transition from extractive or seasonal economies towards relational, knowledge-intensive and inclusive models. It aligns with the EU's emphasis on smart, sustainable and inclusive growth as expressed in Liaison Entre Actions de Développement de l'Economie Rurale (LEADER), Smart Villages and the Long-Term Vision for Rural Areas (Ray, 2006; Navarro *et al.*, 2016). Servitisation complements social innovation by providing the economic logic through which commu-

nity-based ideas can be transformed into viable services, and social innovation ensures that these services remain grounded in local needs and capacities. Recent studies suggest that servitisation can strengthen territorial resilience by fostering localised value creation and intersectoral collaboration (Lankauskienė, 2023).

These three theoretical perspectives provide a foundation for understanding how local communities transform heritage resources into socially and economically valuable services. Their integration is particularly relevant for peripheral rural regions seeking to diversify development pathways while strengthening inclusion and resilience.

Previous international empirical studies

Recent international research provides important empirical evidence on the influence of social innovation, community entrepreneurship and heritage-based development in addressing the challenges faced by peripheral rural regions. These studies increasingly demonstrate that rural communities are not merely passive recipients of external development policies but active agents capable of mobilising local resources, networks and knowledge to foster resilience, inclusion and economic diversification.

A substantial body of empirical research focuses on community-led social innovation and rural resilience. For example, a comparative study concerning Scotland and Spain demonstrates that social innovation emerges through locally embedded networks, collective learning processes and collaborative governance arrangements that enable communities to respond to demographic decline, service withdrawal and economic restructuring (Vercher *et al.*, 2021). Similarly, Steiner *et al.* (2023) show that rural social enterprises can generate combined social and economic benefits by strengthening local participation, improving service provision and enhancing community resilience. While these studies provide valuable insights into the governance and institutional dimensions of social innovation, they devote less attention to the specific mechanisms through which local heritage resources are transformed into new service-based development opportunities.

A second stream of empirical studies examines heritage-based rural development and place-based regeneration. Recent research demonstrates that cultural heritage, local traditions, gastronomy, crafts and historical landscapes can become significant resources for community development,

economic diversification and territorial attractiveness (Priatmoko *et al.*, 2023; Andrade Suárez *et al.*, 2025; Candeloro & Tartari, 2025). Evidence from various European rural regions suggests that heritage-led initiatives can strengthen local identity, stimulate entrepreneurship and support sustainable tourism. Nevertheless, most of these studies primarily focus on tourism development, destination management or heritage preservation. Consequently, they only provide limited explanations of how heritage assets can be transformed into broader service ecosystems encompassing education, social care, health-related activities, lifelong learning, community empowerment and social inclusion.

A third group of empirical studies investigates the contributions of social economy organisations and territorial innovation to rural development. Research on cooperatives, associations and social enterprises demonstrates their capacity to generate employment, strengthen local governance and create socially embedded forms of economic value (Defourny & Nyssens, 2017; Klein *et al.*, 2019; Vilkè *et al.*, 2021). Furthermore, studies on territorial servitisation emphasise the growing significance of service-oriented approaches for creating new forms of regional competitiveness based on local knowledge, networks and intangible resources (Lafuente *et al.*, 2020; Lankauskienė, 2023). While these studies advance understanding of service-based development, they rarely examine how servitisation processes emerge from community-led innovation or how they interact with heritage resources in peripheral rural contexts.

In summary, although previous empirical studies have significantly advanced the understanding of rural social innovation, heritage-based development and social economy initiatives, these research streams have largely evolved in parallel. As a result, limited attention has been devoted to explaining how cultural, ecological and social heritage assets are transformed into diversified service ecosystems through community-led innovation and subsequently institutionalised within social economy structures. This unresolved issue is particularly relevant in peripheral regions, where underutilised heritage resources may become important foundations for social inclusion, economic diversification and territorial resilience. To address this gap, this study examines the case of Druskininkai, Lithuania and proposes the concept of rural heritage servitisation as an integrative framework linking social innovation, servitisation and the social economy.

Conceptual framework of rural heritage servitisation

Bringing these perspectives together, this study conceptualises rural heritage servitisation as a multi-dimensional process connecting social innovation and social economy dynamics. The conceptual framework integrating these dimensions is illustrated in Figure 1.

Community-led innovation fosters participatory experimentation, mobilising collective knowledge and agency. Through iterative cycles of co-design, rural actors identify, test and refine solutions addressing exclusion, unemployment or underused heritage. When these solutions stabilise, they evolve into social economy entities capable of sustaining and scaling impact.

In this integrated framework, social innovation functions as the engine of transformation, generating new ideas and practices, while the social economy provides the institutional framework through which these innovations are sustained, scaled and diffused. Servitisation is the translation mechanism that converts local assets into value-generating, community-oriented services. The synergy between these dimensions is essential for building resilient and inclusive rural regions (Vilkè, 2017; Fu *et al.*, 2023; Skypalova *et al.*, 2025).

The ESIRA project provides a concrete manifestation of these theoretical dynamics by focusing on empowering rural residents, particularly marginalised groups, to become co-creators rather than passive beneficiaries. The project aims to ‘develop local social networks in rural communities and improve the economic situation of marginalised groups’ (ESIRA, 2025). ESIRA operationalises the community innovation cycle through tools such as Rural Labs, participatory mapping and multi-actor engagement. The Multi-Actor Platform (MAP) approach follows principles of interactive governance, emphasising local stakeholders’ collaborative problem-solving and co-design (Sørensen & Torfing, 2019) to identify challenges, co-design solutions and validate initiatives tailored to their context. Because these processes are embedded in local social networks, they reinforce trust, collective learning and inclusion, which are key features of rural social innovation that transforms community innovations into lasting social economy structures. By strengthening cooperatives, associations and social enterprises, this approach institutionalises social innovation outcomes. This bridging of grassroots creativity and formal organisation exemplifies how

community experimentation evolves into sustainable social economy entities through servitisation of rural heritage.

While the outlined studies have advanced understanding of rural innovation and servitisation, few have integrated these perspectives into a single framework explaining how heritage-based assets evolve into social economy ecosystems in peripheral Europe. This study addresses that gap by combining the analytical lenses of social innovation, servitisation and the social economy within the empirical context of Druskininkai, Lithuania, contributing to theory and policy on inclusive rural transformation.

Methods

This study applies a mixed methods case study design, combining desk research, policy analysis, stakeholder consultations and semi-structured interviews to explore how social innovation and servitisation interact within Druskininkai's social economy ecosystem.

Research design and context

Building on the research questions outlined in the Introduction, this section describes the methodological approach designed to examine how rural heritage is being servitised in Druskininkai, what institutional and governance arrangements enable or constrain this process and how servitisation contributes to social inclusion and regional resilience. This study adopts an exploratory descriptive, mixed methods case study design that is typical to qualitative research in rural development contexts (Yin, 2018). This approach is intended to generate conceptual insights rather than statistical generalisation, focusing on the mechanisms that link social innovation, servitisation and the social economy.

The analysis follows the methodological framework of the Horizon Europe ESIRA project (Grant Agreement No. 101136253), which investigates community-led social economy initiatives across eight European pilot regions. Within this framework, Druskininkai, Lithuania, was selected as an analytically informative case of a peripheral spa-based municipality undergoing demographic decline and economic restructuring yet endowed with rich cultural and ecological assets. The exploratory descriptive mixed methods case study design is particularly suitable for investigating com-

plex social processes in their real-life context (Yin, 2018; Creswell & Plano Clark, 2018). This approach enables the integration of multiple sources of evidence, encompassing document analysis, stakeholder consultations and semi-structured interviews to facilitate a more comprehensive understanding of how social innovation, servitisation and social economy processes interact within a specific territorial setting. Furthermore, the use of qualitative coding and comparative synthesis supports the identification of recurring patterns and mechanisms across the analysed initiatives, consistent with contemporary approaches to thematic analysis and qualitative inquiry (Braun & Clarke, 2021). This methodological triangulation enhances the credibility and analytical robustness of our findings. This purposive selection enables a contextualised examination of how social innovation evolves in peripheral regions under EU rural development policies such as LEADER, Smart Villages and the Common Agricultural Policy (CAP) Strategic Plan 2023–2027.

Data sources and analytical procedures

The empirical material was collected in 2024–2025 through two complementary phases.

Phase I. Desk research and secondary data analysis

A comprehensive desk study was conducted as part of the *Regional Report on Social Exclusion in Rural Areas in Lithuania* (Gedminaitė-Raudonė *et al.*, 2024). It combined statistical and documentary data to establish a baseline of structural vulnerabilities, assets and institutional frameworks in Druskininkai. Sources included national and municipal strategies, including the Druskininkai Strategic Development Plan 2021–2029 and the Druskininkai Rural Local Action Group Strategy 2023–2027 (Druskininkai Municipality, 2022; Druskininkai Rural Local Action Group, 2023), EU policy frameworks related to the CAP Strategic Plan, LEADER, and Smart Villages (European Commission, 2021, 2023; European Network for Rural Development, 2023), and datasets from the Official Statistics Portal, Eurostat, and the Organisation for Economic Co-operation and Development (Eurostat, 2024; Lithuanian Official Statistics Portal, 2024; Organisation for Economic Co-operation and Development, 2024). Quantitative indicators (demography, employment, income and social support indices) were ana-

lysed descriptively to map socio-economic disparities and identify vulnerable groups.

Phase II. Qualitative fieldwork: Interviews and multi-actor engagement

To complement the secondary data, the Lithuanian ESIRA team organised the first MAP meeting in Druskininkai on 20 March 2024, with 22 participants representing local government, non-governmental organisations (NGOs), small and medium-sized enterprises (SMEs), community groups and academia. A focus group discussion and structured questionnaire identified residents' perceptions of vulnerabilities, strengths and innovative practices.

Building on MAP insights, semi-structured interviews were conducted in mid-2024 with representatives of six social economy initiatives operating in the Druskininkai region. These cases were pre-selected for diversity in legal form, maturity and social mission orientation, following the defined analytical framework. The interviews explored organisational histories, governance, business models and innovation trajectories. Each session lasted 60–90 minutes with informed consent.

Analytical framework

Data were processed using thematic analysis supported by qualitative interview transcript and documentary materials' coding. Coding categories were derived from the following conceptual framework triad:

1. community-led social innovation,
2. social economy institutionalisation, and
3. rural heritage servitisation.

Quantitative indicators contextualised qualitative findings, particularly by revealing links between social innovation initiatives and regional vulnerabilities (unemployment, ageing, service accessibility). Triangulation across data types strengthened validity and reliability, ensuring that emerging patterns reflected convergent evidence rather than single-source bias.

Case selection criteria

Following the defined analytical framework, case selection ensured representativeness across three dimensions:

- Type of initiative, encompassing experienced and newly established social economy entities.
- Legal and organisational form—associations, cooperatives or public enterprises acting as social businesses.
- Social mission and innovation focus—activities addressing vulnerable groups' inclusion, regenerating heritage assets and diversifying local services.

The six cases encompass initiatives in heritage-based tourism, crafts, social care and educational services. Combined, they illustrate how Druskininkai's cultural and natural heritage is being servitised into diversified, community-oriented services.

Limitations, validity and ethical considerations

The 2024 fieldwork represents the exploratory phase of a multi-year research process. While interviews provided valuable qualitative insights, they were limited to six entities and a single MAP event. Future research will expand longitudinal observation and conduct additional interviews and co-creation workshops to validate findings and refine policy recommendations.

All interviews were conducted with informed consent, and anonymised transcripts are securely stored in accordance with Horizon Europe's research-ethics standards. The mixed methods design enhances internal validity through data triangulation but limits external generalisation, which is a common characteristic of case study research. Nevertheless, the approach provides rich, context-sensitive insights into how social innovation and servitisation interact within a peripheral rural region's social economy ecosystem.

Results

This section presents the empirical findings from the Druskininkai case study, illustrating how community-led social innovation, servitisation and social economy dynamics interact to foster inclusive rural development.

Socio-economic profile of Druskininkai

Druskininkai, a spa town in southern Lithuania near the Belarusian border, represents a unique hybrid of rural and urban characteristics. Like many other Central and Eastern European rural regions, it continues to face long-term socio-economic disparity rooted in structural and institutional legacies. Studies of post-state-farm localities in neighbouring Poland reveal persistent developmental fragmentation and uneven adaptation to market conditions (Bartkowiak-Bakun, 2013). These regional parallels reveal that Druskininkai's challenges (i.e. ageing, limited diversification and dependence on external centres) are part of wider post-transition dynamics rather than isolated local phenomena. With a population of approximately 20000 inhabitants, the municipality faces demographic ageing, youth outmigration and structural dependency on seasonal tourism. Despite these vulnerabilities, the area retains strong cultural, ecological and civic resources, including mineral springs, forest landscapes and traditional crafts. The regional report identifies persistent risks of exclusion among older residents, low-income households and youth not in employment, education or training (NEETs).

Economic diversification remains limited, as most employment opportunities are concentrated in tourism, health services and small retail. However, the presence of active community organisations and cultural heritage sites offers opportunities for innovation through servitisation, i.e. transforming local assets into diversified service ecosystems. Against this backdrop, Druskininkai presents a pilot region for analysing how community-led social innovations evolve into institutionalised social economy practices.

Local innovation ecosystem and actors

The Druskininkai ecosystem of social innovation is anchored in a dynamic network of associations, youth organisations and cultural initiatives.

The local MAP, established in early 2024 under ESIRA, brought together representatives of the municipality, NGOs, SMEs, educational institutions and community leaders. The MAP served as both a consultation and experimentation forum, while identifying vulnerabilities, sharing knowledge and co-designing small-scale solutions that link heritage, social inclusion and service diversification.

Participants emphasised that rural social innovation in the region depends on the following three interrelated conditions:

1. trust between local institutions and community groups,
2. continuity of engagement beyond single project cycles, and
3. institutional pathways for scaling up pilot activities into sustainable social economy entities.

The first exploratory cycle (2024) combined desk research with a series of stakeholder interviews and participatory workshops, identifying six social economy initiatives that exemplify various forms of rural heritage servitisation.

Profiles of social economy initiatives

The empirical mapping of social economy initiatives in the Druskininkai region reveals a diverse landscape of community-driven innovation. The following cases illustrate how local actors, ranging from youth workers and women's collectives to cultural associations, translate social, cultural and natural assets into new forms of social value creation. Each initiative demonstrates a distinct trajectory towards servitisation and professionalisation, reflecting different stages of maturity within the emerging regional social economy.

Youth empowerment through the Druskininkai Youth Centre

Dominykas Šinkonis, a youth worker at the Druskininkai Youth Employment Centre, leads community-based activities for about 25 disadvantaged young people in Viečiūnai. His initiatives, including creative workshops, small-scale crafts and the innovative 'coffee-on-a-bike' service, combine learning, entrepreneurship and community engagement. Although not yet formalised as a social enterprise, the project shows how youth activation can evolve into structured social economy forms. Planned coopera-

tion with the public institution *Sūrūs vējai* ('Salty winds') aims to embed inclusion and experiential learning within local services.

Jaskonys and Naujasodė Community Association

Established in 2006, this association runs the popular folk theatre programme *Kaip dzūkas žmonos ieškojo* ('How a Dzūkian man sought a wife'), merging folklore, humour and cuisine for domestic and foreign visitors. Plans to train low-income residents and youth as substitute performers link cultural preservation with inclusion and income diversification. The initiative demonstrates how intangible heritage integrating dialect, customs and gastronomy can be transformed into experiential services, although sustainability depends on mentoring and generational renewal.

Jovaišiai Village Community 'Jovaižolė'

Founded in 2008, the Jovaižolė brand unites five to six women producing herbal teas and natural products that are sold locally and at fairs. Initially supported by the LEADER programme, the group professionalised production and created specific events such as *Jovaišių turgelis* ('Jovaišiai market') and *Skanu, kaip pas mamą* ('As good as mom's cooking'). By combining product- and experience-based services (tastings, workshops), the initiative strengthens community identity, entrepreneurship and intergenerational learning.

Stračiūnai Community Association

Active since 2008, Stračiūnai offers heritage-based educational programmes like *Dzūkiškų žolinių takais Stračiūnuose* ('Along the Dzūkian Herbal Trails in Stračiūnai') and *Saldi oazė Stračiūnuose* ('Sweet Oasis in Stračiūnai'). Managing a community centre with accommodation and catering, it plans to modernise infrastructure and expand activities beyond the tourism season. Its goal is to transform volunteer-driven heritage events into sustainable, year-round social economy ventures supporting employment and inclusion.

Leipalingis Manor and Community

Housed in a restored manor, this collaboration between the Leipalingis Community and the local ethnographic museum represents an advanced servitised heritage model. Programmes such as *4 Seserys* ('4 Sisters'), *Kalėdinė edukacija* ('Christmas Education') and the *Jotvingių šventė* ('Jotvingiai Fest') combine education, theatre and tourism. Future plans include multilingual performances and historical culinary workshops. Vulnerable groups are engaged as guides and performers, linking cultural capital with participation and skill development.

Public Institution (PI) *Sūrūs vėjai* (PI 'Salty winds')

Established in 2015, this social enterprise is a regional platform connecting artisans, cultural actors and producers in Druskininkai. The institution supports professionalisation, shared marketing and inclusive educational programmes, including digital and multilingual formats. Functioning as a meta-platform, *Sūrūs vėjai* strengthens local heritage-based initiatives and aligns with ESIRA objectives by linking community innovation to scalable social economy infrastructure.

Collectively, these profiles highlight the growing potential of community initiatives to evolve from voluntary and cultural activities into sustainable social economy enterprises. While varying in scale and institutionalisation, all cases emphasise inclusion, local heritage and participatory governance. Their cumulative impact fosters social cohesion, diversifies rural economies and strengthens the foundations for integrated, place-based social innovation.

Cross-case insights and emerging patterns

The six initiatives reveal complementary facets of social innovation in a peripheral yet dynamic rural region. To synthesise the empirical findings and highlight the diversity of social innovation trajectories observed in Druskininkai, the six initiatives were compared along the following key analytical dimensions:

- heritage base,
- innovation focus,
- inclusion scope,

- development stage and
- contribution to servitisation and the social economy.

Table 1 summarises these cross-case insights, illustrating how, despite varying in scale and maturity, locally grounded initiatives collectively demonstrate a progressive shift from community-led experimentation towards structured and market-integrated social economy models. The table also underscores the dual logic of servitising rural heritage through economic valorisation of local assets and socially re-embedding those assets within inclusive community networks (see Table 1).

The comparative synthesis presented in Table 1 reveals that despite contextual differences, all six initiatives participate in a common developmental continuum of rural transformation. On one end, emergent activities such as youth engagement or community-based crafts represent grassroots social innovation, driven by creativity and social need. On the other, mature initiatives like Leipalingis Manor and PI ‘Salty winds’ illustrate institutionalised servitisation, where heritage assets have evolved into structured service systems embedded in the local economy. These combined cases demonstrate how servitising rural heritage operates as both a process and an outcome whereby it begins with community mobilisation, progresses through diversification of services and networks, and culminates in durable social economy infrastructures that enhance inclusion, identity and resilience.

Based on the analysis, four notable patterns emerge. First, all initiatives originated from local actors rather than external investors, highlighting the relevance of collective agency and civic capital. Community associations, cultural workers and youth coordinators function as local innovators who adapt their activities to emerging social and market demands. Second, all analysed cases demonstrate how servitisation transforms tangible and intangible heritage assets into value-added services. This reflects the shift from production to experience economies, where local identity becomes a resource for social innovation. Third, inclusion and empowerment emerge as explicit objectives across most initiatives. Youth involvement (Dominykas Šinkonis; PI ‘Salty winds’ partnerships) and senior engagement (Jovaišiai herb-collectors; Leipalingis performers) illustrate multigenerational collaboration as a form of inclusion through meaningful work and participation. Finally, the analysed cases collectively illustrate a trajectory from informal experimentation towards more structured social economy forms. Community-based activities evolve through cycles of ideation, pro-

totyping and consolidation, mirroring the ESIRA theoretical model linking social innovation to institutionalisation.

These patterns are embedded in challenges and systemic constraints such as: common barriers include limited managerial capacity, funding volatility and dependence on volunteer labour. The seasonality of tourism restricts stable income flow, while succession gaps threaten continuity in small communities. However, these obstacles also spur innovation, prompting hybrid governance models that combine community ownership with external partnerships.

Servitising rural heritage as an inclusive pathway in Druskininkai

The Druskininkai findings confirm our analytical proposition that servitising rural heritage offers a viable strategy for revitalising peripheral areas. By reinterpreting cultural and natural resources as platforms for services in education, recreation and social care, local actors are constructing new ecosystems of value that blend social and economic objectives.

The ESIRA approach proves applicable in this context by linking community-led innovation (bottom-up agency), servitisation (economic transformation) and the social economy (institutional sustainability). Druskininkai initiatives demonstrate that rural resilience not only depends on infrastructural investment but also on relational infrastructure—networks, trust and shared learning that enable ongoing cycles of innovation.

In policy terms, the results suggest that supporting transversal intermediaries, such as PI ‘Salty winds’, may be crucial for scaling micro-level experiments into regionally embedded social economy ecosystems. In this way, the case exemplifies how peripheral regions can reposition themselves within the broader post-industrial transition by cultivating social innovation rooted in heritage, participation and inclusion.

Discussion

The Druskininkai case shows that rural revitalisation increasingly depends on the interaction between social innovation, servitisation and the social economy. Social innovation mobilises communities, servitisation converts local assets into diversified services, and the social economy provides

structures for sustaining them. This triad challenges conventional development paradigms focused on infrastructure or agriculture, instead emphasising the productive role of relational and cultural capital, including trust, collaboration and shared heritage. The findings indicate that rural transformation is most effective when iterative, context-sensitive and participatory.

Comparative discussion in the international context

The findings from Druskininkai broadly confirm previous international research demonstrating that rural transformation increasingly depends on community-led innovation, collaborative governance and local resource mobilisation. Similar to the cases Vercher *et al.* (2021) analyses in Scotland and Spain, social innovation in Druskininkai emerges through locally embedded networks, collective learning processes and community organisations' active participation. In both contexts, local actors play a central role in identifying development opportunities, mobilising resources and responding to challenges associated with demographic decline, service withdrawal and economic restructuring. The Druskininkai experience further supports the argument that social innovation is not merely a response to local problems but also a mechanism for strengthening social cohesion, trust and collective agency.

The results also align with the findings of Steiner *et al.* (2023), who demonstrate that rural social enterprises can enhance community resilience by creating new forms of service provision and fostering local participation. Several initiatives identified in Druskininkai illustrate a similar trajectory, evolving from informal community activities towards more structured organisational forms capable of generating social and economic value. In particular, the cases of Leipalingis Manor, Jovaižolė and PI Sūrūs vėjai demonstrate how community-based initiatives can gradually become institutionalised while maintaining their social mission and local embeddedness. These findings reinforce the growing body of evidence suggesting that rural social innovation is most sustainable when supported by durable organisational arrangements and intermediary institutions.

The study also resonates with Bock's (2016) concept of nexogenous development, which emphasises the interaction between local resources and external support structures. The initiatives analysed in Druskininkai illustrate how endogenous assets such as cultural traditions, local knowledge,

community networks and natural resources are mobilised through external policy instruments such as LEADER, Smart Villages and the ESIRA framework. This interaction highlights that successful rural transformation rarely depends exclusively on either local initiative or external intervention. Instead, it emerges through a dynamic combination of local agency and supportive institutional environments.

The findings also extend existing research on Smart Villages and rural innovation ecosystems. Many Smart Villages studies emphasise digitalisation, technological solutions and new governance arrangements as mechanisms for improving service delivery and quality of life in rural areas (Bock, 2016; Dax & Oedl-Wieser, 2016; Navarro *et al.*, 2016). While these dimensions are also relevant in Druskininkai, the results suggest that social and cultural resources are equally important drivers of innovation. The analysed initiatives demonstrate that innovation in rural regions does not necessarily require advanced technological infrastructure but can also emerge through creative reinterpretation of local heritage, traditions, cultural practices and social relationships. In this respect, the study broadens prevailing Smart Villages perspectives by highlighting the importance of heritage-based and community-centred pathways of innovation.

Despite these similarities, the Druskininkai case reveals several distinctive features that are less visible in previous studies. First, heritage is not treated merely as an object of preservation or a tourism attraction but as a resource that can generate diverse forms of social and economic value. The analysed initiatives transform tangible and intangible heritage into educational programmes, community learning activities, social care services, cultural experiences and entrepreneurial opportunities. Second, the findings demonstrate a gradual transition from community experimentation towards institutionalisation within social economy structures. While many previous studies focus either on grassroots innovation or on established social enterprises (Vercher *et al.*, 2021; Steiner *et al.*, 2023; Defourny & Nyssens, 2017), our analysis captures the dynamic process connecting these stages. Third, the case illustrates the important role of intermediary organisations such as PI Sūrūs vėjai, which function as platforms linking community initiatives, markets, public institutions and policy frameworks.

These observations provide a valuable contribution to contemporary debates on rural transformation. Unlike previous studies primarily focusing on tourism, entrepreneurship or governance, this study demonstrates how rural heritage can function as the basis of diversified service ecosys-

tems connecting social innovation with institutionalised social economy structures. Therefore, the concept of rural heritage servitisation offers a broader analytical perspective for understanding how peripheral regions can transform underutilised cultural, ecological and social resources into sustainable pathways of inclusion, resilience and long-term development.

Policy implications

The findings of this study align with the EU's vision of sustainable and inclusive territorial development. Beyond supporting social inclusion and territorial resilience, transforming heritage assets into community-oriented services contributes to broader sustainable development objectives associated with employment creation, local entrepreneurship and inclusive economic growth. In this regard, rural heritage servitisation can be understood as a place-based mechanism supporting the integrated implementation of sustainability goals linking economic, social and environmental dimensions of development (Raman *et al.*, 2025). Integrating environmental efficiency and social innovation enhances resilience and growth, as noted by He *et al.* (2024). Local heritage servitisation exemplifies this synergy by converting environmental and cultural assets into community-oriented services.

The CAP Strategic Plan (2023–2027) and the Long-Term Vision for Rural Areas (2021) both stress diversification, inclusion and digitalisation, as these principles are operationalised through ESIRA's MAPs and Rural Labs. These extend the LEADER approach by embedding social innovation cycles in community infrastructure. In Druskininkai, platforms such as PI 'Salty winds' demonstrate how digital and participatory models can amplify local services, aligning with the EU's Smart Villages agenda and fostering integrated rural innovation ecosystems.

The Druskininkai experience suggests four key policy directions. The first policy implication concerns social infrastructure investment. The findings indicate that successful rural transformation depends on physical infrastructure, financial resources, technological modernisation, as well as the quality of social relationships within communities. Networks of trust, collaboration, collective learning and local leadership emerged as critical conditions enabling social innovation initiatives to develop and persist. Consequently, rural development programmes such as LEADER, Smart Villages and the CAP Strategic Plan should devote greater attention to strengthening community capacities through mentoring, facilitation, participatory

governance mechanisms and long-term support for local leaders. Such investments may generate more sustainable outcomes than short-term project funding alone because they enhance communities' ability to continuously adapt and innovate.

The second policy implication relates to intermediary organisations' strategic role. The Druskininkai case demonstrates that local initiatives rarely operate in isolation. Instead, they depend on actors capable of connecting communities, entrepreneurs, public institutions, funding programmes and wider networks of expertise. Organisations such as PI Sūrūs vėjai perform this intermediary function by facilitating cooperation, supporting capacity building, coordinating marketing activities and helping local initiatives gain visibility and legitimacy. Therefore, policy frameworks should recognise such organisations as essential components of rural innovation ecosystems rather than treating them as ordinary project beneficiaries. Dedicated support mechanisms for intermediary organisations could significantly improve rural social innovation initiatives' long-term sustainability and scalability.

The third policy implication concerns the transition from community experimentation to institutionalisation. Many successful rural initiatives begin as small-scale voluntary activities driven by committed individuals or informal community groups. However, without adequate organisational support, financial stability and governance structures, such initiatives can struggle to survive beyond initial project cycles. The findings suggest that policies should place greater emphasis on supporting social economy organisations' institutional development, targeting cooperatives, associations and social enterprises capable of sustaining social innovations over time. Instruments such as rural innovation hubs, social economy accelerators, mentoring schemes and targeted funding mechanisms may help bridge the gap between experimentation and long-term sustainability. Such support is particularly crucial in peripheral regions where organisational capacities and access to resources may be limited.

A fourth implication concerns local communities themselves. The analysed initiatives demonstrate that cultural traditions, local knowledge, social networks and community identity should be considered elements of heritage preservation and resources for innovation and development. Community organisations can have a significant influence in transforming these assets into educational, cultural, health-related and social services that address local needs while generating new economic opportunities.

Therefore, policies intended to strengthen local leadership, intergenerational cooperation, community entrepreneurship and participatory decision-making may significantly contribute to rural resilience. In this regard, the findings suggest that sustainable rural development is most effective when communities are treated as active co-creators of development rather than passive recipients of external interventions.

It is essential to note that servitisation should be more explicitly integrated into EU rural development policy as a mechanism for transforming cultural, environmental and social resources into sustainable service-based opportunities. This approach can provide a common framework linking economic diversification, employment generation, social inclusion, sustainability and heritage preservation, which are increasingly recognised as interconnected dimensions of sustainable development (Raman *et al.*, 2025). By encouraging communities to develop new services rooted in local assets, servitisation can support more resilient and place-based development pathways. Moreover, innovation in rural contexts, much like innovation within enterprises, depends on values, skills, adaptive learning and collaborative capacities. As Skypalova, Zvarikova and Chaudhuri (2025) and Vilkè (2017) argue, approaches that integrate social responsibility, learning and adaptability can enhance both innovation performance and long-term sustainability. These principles are equally relevant for community-led development initiatives operating in peripheral rural regions.

Theoretical implications

Beyond its empirical insights, this study advances the theoretical field by positioning rural heritage servitisation as a distinct analytical and policy-relevant construct. Existing research typically largely examines social innovation, servitisation, heritage-based development and the social economy as separate domains, and our findings demonstrate the value of integrating these perspectives within a single explanatory framework. The concept of rural heritage servitisation can explain how cultural, ecological and social assets can be transformed into diversified service ecosystems that generate social and economic value alike.

First, the study contributes to social innovation theory (Cajaiba-Santana, 2014) by demonstrating that innovation in rural regions often emerges not from technological breakthroughs but from the creative reinterpretation of locally available resources. The analysed initiatives show how communities

mobilise heritage, local knowledge and social networks to address exclusion, generate new services and strengthen collective resilience. In this respect, social innovation appears as a process of resource reconfiguration and community empowerment rather than simply organisational change.

Second, the findings extend servitisation research beyond its traditional industrial and urban focus. While existing servitisation literature primarily examines how firms create value by shifting from products to services, this study demonstrates that a similar logic can operate at the territorial level, where communities transform place-based assets into educational, cultural, health-related, recreational and social services. In this way, rural heritage servitisation broadens the scope of related research by illustrating its applicability within community-led and place-based development processes.

Third, this study contributes to debates on neo-endogenous development and territorial innovation. Consistent with nexogenous perspectives (Bock, 2016), the findings show that successful rural transformation emerges through the interaction between local resources and external institutional support. Heritage assets do not become development resources in isolation but through connections with policy frameworks, intermediary organisations, funding mechanisms and collaborative governance arrangements.

Finally, the findings contribute to social economy research by explaining how community-led experimentation can evolve into more durable organisational forms. The analysed cases illustrate a progression from informal civic initiatives towards more structured social economy entities capable of sustaining, scaling and institutionalising innovation. In this sense, social economy organisations not only function as service providers but also as institutional mechanisms through which social innovations become embedded within local development trajectories.

These contributions suggest that rural heritage servitisation provides a conceptual bridge linking previously fragmented discussions of social innovation, servitisation, neo-endogenous development and the social economy. By conceptualising heritage as an active infrastructure for service creation, learning, participation and inclusion, the framework offers a broader understanding of how peripheral regions can generate sustainable and resilient development pathways.

Conclusions

This study examined how community-led social innovation supports rural regeneration through the case of Druskininkai, Lithuania, within the Horizon Europe ESIRA project. Integrating social innovation, servitisation and social economy perspectives, we proposed a framework connecting collective agency with institutional sustainability. The Druskininkai case showed that servitising rural heritage—transforming cultural and ecological assets into diversified, community-oriented services—can effectively address social exclusion and economic dependency in peripheral regions.

Empirically, the study revealed a network of initiatives translating local traditions, crafts and natural resources into inclusive service models. These programmes demonstrate how social innovation unfolds through co-design, experimentation and institutionalisation, evolving from community activity into social economy structures. This process reflects an emerging model of rural resilience grounded in trust, learning and collaboration rather than external intervention.

Theoretically, the research positions servitisation as a bridge between social innovation and the social economy, extending the idea of neo-endogenous development by showing how local assets gain renewed value through collective governance and service diversification. In this way, rural heritage does not function as a static artefact but as a living platform for innovation and inclusion.

From a policy perspective, the findings emphasised investment in social infrastructure through trust, networks and intermediary platforms, alongside physical capital. Embedding servitisation within EU policy frameworks such as CAP 2023–2027, LEADER and Smart Villages can enhance co-learning and institutional experimentation, turning community vulnerability into creativity and resilience. These findings are also consistent with broader arguments that sustainable development requires the integration of economic opportunity, employment generation and social sustainability within local development strategies (Raman *et al.*, 2025).

This study has several limitations. First, the analysis is based on a single case study, which limits statistical generalisability. Second, the empirical evidence relies on six interviews and one MAP process conducted during the exploratory phase of the ESIRA project. Third, the findings capture a specific moment in the local initiatives' institutional evolution and do not yet enable assessment of long-term impacts. Future research could address

these limitations by conducting comparative analyses across ESIRA pilot regions, applying longitudinal designs to examine how social innovation cycles evolve and become institutionalised over time, and exploring how rural heritage servitisation operates under different governance, cultural and socio-economic contexts. Overall, this study enriches the research insights by introducing rural heritage servitisation as a novel conceptual bridge linking social innovation, servitisation and the social economy, thereby advancing understanding of inclusive and sustainable rural transformation.

References

- Andrade Suárez, M., López Salas, E., Caamaño Franco, I., & Álvarez Sousa, A. (2025). Towards a methodology of good practices for heritage-led rural regeneration: From the main paths to the surrounding areas. *Cities*, 161, 105849. <https://doi.org/10.1016/j.cities.2025.105849>.
- Asad, A. I., Popesko, B., & Damborský, M. (2024). The nexus between economic policy uncertainty and innovation performance in Visegrad Group countries. *Oeconomia Copernicana*, 15(3), 1067–1100. <https://doi.org/10.24136/oc.2804>.
- Baines, T., & Lightfoot, H. (2012). *Made to serve: How manufacturers can compete through servitization and product-service systems*. Wiley. <https://doi.org/10.1002/9781119207955>.
- Bartels, K. P. (2023). Experiential learning: A relational approach to sustaining community-led social innovation. *Innovation: The European Journal of Social Science Research*, 36(3), 434–452. <https://doi.org/10.1080/13511610.2022.2121268>.
- Bartkowiak-Bakun, N. (2013). The diversity of socioeconomic development of rural areas in Poland in the western borderland and the problem of post-state farm localities. *Oeconomia Copernicana*, 8(3), 117–135. <https://doi.org/10.24136/oc.v8i3.26>.
- Bock, B. B. (2016). Rural marginalisation and the role of social innovation: A turn towards nexogenous development and rural reconnection. *Sociologia Ruralis*, 56(4), 552–573. <https://doi.org/10.1111/soru.12119>.
- Braun, V., & Clarke, V. (2021). To saturate or not to saturate? Questioning data saturation as a useful concept for thematic analysis and sample-size rationales. *Qualitative Research in Sport, Exercise and Health*, 13(2), 201–216. <https://doi.org/10.1080/2159676X.2019.1704846>.
- Cajaiba-Santana, G. (2014). Social innovation: Moving the field forward. A conceptual framework. *Technological Forecasting and Social Change*, 82, 42–51. <https://doi.org/10.1016/j.techfore.2013.05.008>.

- Candeloro, G., & Tartari, M. (2025). Heritage-led sustainable development in rural areas: The case of Vivi Calascio community-based cooperative. *Cities*, 161, 105920. <https://doi.org/10.1016/j.cities.2025.105920>.
- Creswell, J. W., & Plano Clark, V. L. (2018). *Designing and conducting mixed methods research* (3rd ed.). SAGE Publications.
- Dax, T., & Oedl-Wieser, T. (2016). Rural innovation activities as a means for changing development perspectives: An assessment of more than two decades of promoting LEADER initiatives across the European Union. *Journal of Rural Studies*, 46, 141–152. <https://doi.org/10.1016/j.jrurstud.2016.04.003>.
- Defourny, J., & Nyssens, M. (2017). Fundamentals for an international typology of social enterprise models. *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, 28(6), 2469–2497. <https://doi.org/10.1007/s11266-017-9884-7>.
- Druskininkai Municipality. (2022). *Druskininkų savivaldybės 2021–2029 metų strateginis plėtros planas* [Druskininkai municipality strategic development plan 2021–2029]. <https://druskininkusavivaldybe.lt/uploads/structure/docs/2023-08/2f835ec4a29b7e647dae39e56d190fa2e5057385bf8779abbfd04c0f6e299940.pdf>.
- Druskininkai Rural Local Action Group. (2023). *Druskininkų kaimiškiosios teritorijos vietos plėtros strategija 2023–2027 m.* [Local development strategy for the rural territory of Druskininkai 2023–2027]. <https://www.dvvg.lt/wp-content/uploads/2023/06/Druskininku-VPS-2023-2027-2025-05-29-patvirtinta.pdf>.
- ESIRA. (2025). *Enhancing social innovation in rural areas*. <https://www.esira.eu/>.
- Esparcia, J. (2014). Innovation and networks in rural areas: An analysis from European innovative projects. *European Planning Studies*, 22(11), 2097–2116. <https://doi.org/10.1080/09654313.2013.819838>.
- European Commission. (2021). *A long-term vision for the EU's rural areas – Towards stronger, connected, resilient and prosperous rural areas by 2040* (COM(2021) 345 final). <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52021DC0345>.
- European Commission. (2023). *CAP strategic plans 2023–2027*. European Commission. <https://agriculture.ec.europa.eu>.
- European Network for Rural Development. (2023). *LEADER/Community-led local development (CLLD)*. European Commission. <https://ec.europa.eu/enrd>.
- Eurostat. (2024). *Eurostat database*. <https://ec.europa.eu/eurostat>.
- Fu, Q., Zhao, X., & Chang, C.-P. (2023). Does ESG performance bring to enterprises' green innovation? Yes, evidence from 118 countries. *Oeconomia Copernicana*, 14(3), 795–832. <https://doi.org/10.24136/oc.2023.024>.
- Gedminaitė-Raudonė, Ž., Vidickienė, D., Lankauskienė, R., & Simonaitytė, V. (2024). *Regional report on social exclusion and social economy initiatives in rural areas – Druskininkai area: Lithuania (T4.1–T4.2)*. Horizon Europe ESIRA Project (Grant Agreement No. 101136253). https://www.esira.eu/wp-content/uploads/2025/03/T4.1-T4.2_Regional-report_Lithuania_v4_clean.pdf.

- He, J., Lau, W.-Y., Ng, K. H., & Dávid, L. (2024). Turning green into gold: How does green total factor productivity boost economic growth? *Oeconomia Copernicana*, 15(4), 901–919. <https://doi.org/10.24136/oc.2024.027>.
- Howaldt, J., & Schwarz, M. (2022). Another look at social innovation: Social innovation as social practice. *Innovation: The European Journal of Social Science Research*, 35(3), 398–420. <https://doi.org/10.1080/13511610.2021.1879637>.
- Klein, J. L., Laville, J. L., Moulaert, F., & Cattani, A. D. (2019). Social economy and social innovation: Theory, history, and practice. *Annals of Public and Cooperative Economics*, 90(4), 541–554. <https://doi.org/10.1111/apce.12268>.
- Lafuente, E., Vaillant, Y., & Serarols, C. (2020). Territorial servitization: Exploring the virtuous circle connecting knowledge-intensive services and new manufacturing businesses. *Regional Studies*, 54(2), 170–182. <https://doi.org/10.1080/00343404.2018.1523545>.
- Lankauskienė, R. (2023). State of the art in servitization research. In D. Vidickienė, R. Lankauskienė, R. Melnikienė, Ž. Gedminaitė-Raudonė, & V. Simonaitytė (Eds.), *Rural transformation through servitization: A qualitative structure approach* (pp. 47–67). Palgrave Macmillan. https://doi.org/10.1007/978-3-031-47186-5_3.
- Lithuanian Official Statistics Portal. (2024). *Official statistics portal database*. <https://osp.stat.gov.lt>.
- Moulaert, F., & MacCallum, D. (2019). *Advanced introduction to social innovation*. Edward Elgar Publishing.
- Navarro, F., Woods, M., & Cejudo, E. (2016). The LEADER initiative has been a victim of its own success. *Sociologia Ruralis*, 56(2), 135–155. <https://doi.org/10.1111/soru.12080>.
- Organisation for Economic Co-operation and Development. (2024). *OECD data*. <https://data.oecd.org>.
- Phillips, A., Luo, R., & Wendland-Liu, J. (2024). Shifting the paradigm: A critical review of social innovation literature. *International Journal of Innovation Studies*, 8(1), 45–58. <https://doi.org/10.1016/j.ijis.2023.08.003>.
- Pontones-Rosa, C., Alfaro-Cortés, E., & Perez-Morote, R. (2025). The expectancy-disconfirmation model in the analysis of citizen satisfaction in depopulated regions: Implications for sustainable long-term rural development policy. *Equilibrium. Quarterly Journal of Economics and Economic Policy*, 20(1), 249–284. <https://doi.org/10.24136/eq.3546>.
- Priatmoko, S., Kabil, M., Akaak, A., Lakner, Z., Gyuricza, C., & Dávid, L. D. (2023). Understanding the complexity of rural tourism business: Scholarly perspective. *Sustainability*, 15(2), 1193. <https://doi.org/10.3390/su15021193>.
- Raman, R., Gunasekar, S., Ray, S., Behera, D. K., Nedungadi, P., & Dénes, D. L. (2025). A holistic approach to Sustainable Development Goal 8: Integrating economic growth, employment, and sustainability. *Equilibrium. Quarterly Journal of Economics and Economic Policy*, 20(1), 147–202. <https://doi.org/10.24136/eq.3342>.

- Ray, C. (2006). Neo-endogenous rural development in the EU. In P. Cloke, T. Marsden, & P. Mooney (Eds.), *Handbook of rural studies* (pp. 278–291). Sage. <https://doi.org/10.4135/9781848608016.n19>.
- Shucksmith, M. (2000). Endogenous development, social capital and social inclusion: Perspectives from LEADER in the UK. *Sociologia Ruralis*, 40(2), 208–218. <https://doi.org/10.1111/1467-9523.00143>.
- Skypalova, R., Zvarikova, K., & Chaudhuri, S. (2025). Model of relationships between corporate social responsibility, human resources management, and artificial intelligence. *Oeconomia Copernicana*, 16(3), 1021–1060. <https://doi.org/10.24136/oc.3875>.
- Sørensen, E., & Torfing, J. (2019). Designing for interactive governance: Insights from design theory. *Public Management Review*, 21(9), 1231–1250. <https://doi.org/10.1080/14719037.2018.1544272>.
- Steiner, A., Calò, F., & Shucksmith, M. (2023). Rurality and social innovation processes and outcomes: A realist evaluation of rural social enterprise activities. *Journal of Rural Studies*, 99, 284–292. <https://doi.org/10.1016/j.jrurstud.2021.04.006>.
- Świadek, A., & Gorączkowska, J. (2024). Evolution of the regional innovation system in terms of the COVID-19 pandemic, financial and economic crisis: The long-term perspective from Central European region. *Equilibrium. Quarterly Journal of Economics and Economic Policy*, 19(3), 913–956. <https://doi.org/10.24136/eq.3076>.
- Tomášková, E., & Kaňovská, L. (2022). Impact of cooperation flexibility on innovation flexibility in SMEs. *Equilibrium. Quarterly Journal of Economics and Economic Policy*, 17(2), 533–566. <https://doi.org/10.24136/eq.2022.019>.
- Vercher, N., Barlagne, C., Hewitt, R., Nijnik, M., & Esparcia, J. (2021). Whose narrative is it anyway? Narratives of social innovation in rural areas: A comparative analysis of community-led initiatives in Scotland and Spain. *Sociologia Ruralis*, 61(1), 163–189. <https://doi.org/10.1111/soru.12321>.
- Vilkė, R. (2017). Participatory development of local communities in the context of farmers' social responsibility. *Public Policy and Administration*, 16(2), 245–263. <https://doi.org/10.13165/VPA-17-16-2-06>.
- Vilkė, R., Vidickienė, D., Gedminaitė-Raudonė, Ž., Simonaitytė, V., & Ribauskienė, E. (2021). *Rural economic developments and social movements: A new paradigm*. Palgrave Macmillan. <https://doi.org/10.1007/978-3-030-71983-8>.
- Woods, M. (2011). *Rural geography: Processes, responses and experiences in rural restructuring*. Routledge. <https://doi.org/10.4135/9781446216415>.
- Yin, R. K. (2018). *Case study research and applications: Design and methods* (6th ed.). SAGE Publications.

Acknowledgments

The authors thank the Druskininkai Municipality and ESIRA project partners in Lithuania for their support in identifying and mobilizing local social economy initiatives. The contribution of community representatives and stakeholders during interviews and workshops is gratefully acknowledged.

Funding information

This research was conducted within the framework of the Horizon Europe project ESIRA - Enhancing Social Innovation in Rural Areas (Grant Agreement No. 101136253), funded by the European Union.

AI declaration statement

The authors declare that they got acquired, accept and apply General Artificial Intelligence Policy of the publisher.

The authors declare that they have not used AI tools for research process.

Compliance with ethical standards

This article does not contain any studies with human participants or animals performed by the authors. Extracting and inspecting publicly accessible files (scholarly sources) as evidence, before the research began no institutional ethics approval was required.

Data availability statement

All data generated or analyzed are included in the published article. The raw data supporting the conclusion of this article will be made available by the authors, without undue reservation. The raw anonymized data can be provided by emailing the primary author.

Author contributions

All listed authors have made a substantial, direct and intellectual contribution to the work, and approved it for publication. The authors take full responsibility for the accuracy and the integrity of the source analysis.

Conflict of interest statement

The authors declare that the research was conducted in the absence of any commercial or financial relationships that could be construed as a potential conflict of interest.

Publisher's note

All claims expressed in this article are solely those of the authors and do not necessarily represent those of their affiliated organizations, or those of the publisher, the editors and the reviewers. Any product that may be evaluated in this article, or claim that may be made by its manufacturer, is not guaranteed or endorsed by the publisher.

Annex

Table 1. Cross-case insights: Servitisation and social innovation in Druskininkai

Initiative or organisation	Type of heritage or resource	Main innovation focus	Target groups (inclusion aspect)	Stage of development	Servitisation & social economy relevance
Druskininkai Youth Centre	Social & human capital (youth culture, creativity)	Activation of NEET youth through creative and micro-enterprise activities (e.g. 'coffee-on-a-bike')	NEETs, low-income and marginalised youth	<i>Emerging</i>	Early social innovation; potential to evolve into youth-led social enterprise.
Jaskonys & Naujasodė Community	Intangible cultural heritage (folklore, culinary traditions)	Training substitute performers; vulnerable residents' inclusion in folk theatre programme 'How a Dzūkian man sought a wife'	Low-income residents, youth, seniors	<i>Consolidating</i>	Clear servitisation of cultural heritage into tourism service; towards a cooperative model.
Jovaišiai Community–'Jovaižolė'	Natural heritage (medicinal plants, herbal knowledge)	Creating a local product brand and experiential education (<i>Jovaišiai Market</i> , tastings)	Women, seniors, youth, socially isolated residents	<i>Growing</i>	Hybrid of product- and experience-based servitisation; supported by LEADER funding.
Stračiūnai Community Association	Cultural & culinary heritage	Renewal of educational and gastronomy programmes; addressing seasonality	Local families, tourists, volunteers	<i>Revitalising</i>	Transitioning volunteer activity into sustainable rural service economy.
Leipalingis Manor & Community	Built & cultural heritage (historic estate, performing arts)	Development of multilingual, immersive theatre and culinary programmes	Youth, low-income residents, seniors, tourists	<i>Mature</i>	Advanced servitisation; strong institutionalisation within social economy logic.

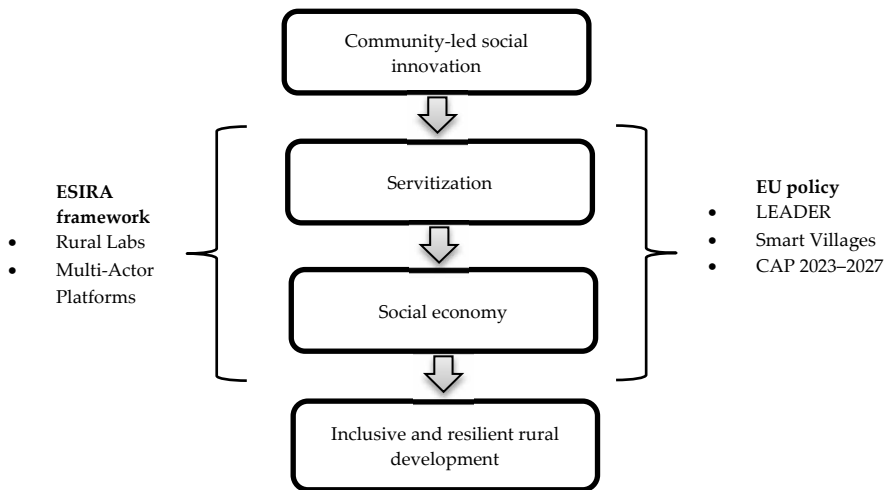
Table 2. Continued

Initiative or organisation	Type of heritage or resource	Main innovation focus	Target groups (inclusion aspect)	Stage of development	Servitisation & social economy relevance
PI Sūrūs vējai ('Salty winds')	Cultural network & digital infrastructure	Platform coordination, marketing, training of educators, digital expansion	Artisans, small producers, vulnerable groups	<i>Institutional / meta-platform</i>	Functions as regional intermediary linking social innovations to market and policy ecosystems.

Note: NEETs: not in employment, education or training.

Source: Authors' elaboration based on fieldwork and interview reports (2024).

Figure 1. Conceptual framework of rural heritage servitisation for inclusive rural development



Source: Authors' elaboration based on the ESIRA framework and relevant literature (Bock, 2016; Lankauskienė, 2023; Moulaert & MacCallum, 2023; Navarro *et al.*, 2016).