The Contribution of the European Regional **Programmes to occupation:** the case of Central Macedonias' ORP

ATHANASIOS BELIDIS*. CHRISTOS SARMANIOTIS*. VAGIS SAMATHRAKIS**

1. Introduction

This study tries to examine the issue of employment and whether employment is likely to be influenced by the implementation of regional programmes (Bougas, 1994), which contribute directly or indirectly to the solution of unemployment. The target period is between the years 2000 and 2006, which is the implementation period of the 3rd CSF programmes in Greece. The available data from the Region of Central Macedonia are budget-data from the proposals submitted within February 2004 and concern projects already implemented or to be implemented from 2000 to the end of 2006.

It is necessary to quote the data related to the fluctuation of the country's labour force during the period 2000 - 2003 and report the changes of the average rate of employment Jel classification: Q 180, 0150

Abstract

This survey deals with occupation issues via the implementation of Operational Regional Programmes (ORP), which contribute, directly or indirectly, to the improvement of occupation and employment, mainly in the Region of Central Macedonia. The answer to the question of how important this kind of programmes are to confronting employment and tackling unemployment, was attempted to be given in a previous study that had to do with the 2nd CSF and the Region of Western Greece. That study proved, beyond any doubt, that one of the basic consequences of the co-funded European Union programmes on the economy of the area in question was the creation of labour thus partially contributing to the confrontation of the employment issues and the decrease of unemployment. The results are especially apparent during the construction period and concern the employees of the sectors being activated during that period. We must also point out that through the implemented projects it is impossible to create steady job positions, so as to give a definite solution to the issue of unemployment. The vacancies being created are seasonal, since they are directly connected to the duration of the implemented projects.

<u>Résumé</u>

Dans cet article, on parcourt la réalisation des Programmes Opérationnels Régionaux (POR), qui contribuent, directement ou indirectement, à l'amélioration de l'emploi et du chômage, particulièrement dans la région de Macédoine Centrale.

Dans un article précédent portant sur le 2^{ème} CCA et la région de la Grèce Occidentale, on a essayé de donner une réponse à la question de l'importance de ce genre de programmes pour faire face à l'emploi et combattre le chômage.

L'article avait montré que l'une des conséquences fondamentales des programmes cofinancés par l'Union Européenne sur l'économie de la région était indubitablement la création d'emplois, contribuant ainsi partiellement à faire face aux problèmes d'emploi et à réduire le chômage. Les résultats sont particulièrement évidents pendant la période de construction et concernent les employés de tous les secteurs d'activité. Nous devons également préciser que par la mise en oeuvre des projets, il est impossible de créer des emplois réguliers afin de donner une solution définitive à la question du chômage. Les vacances d'emploi qui sont créées sont saisonnières, puisqu'elles sont directement liées à la durée des projets réalisés.

as well as the trends that concern the age categories of the labour force.

According to the survey of the Labor Institute (IN.E), in 2003, there was a decrease in the unemployment percentage in Greece, close to 2.1% between 1999 and 2002 (11.7% in 1999 and 9.6% in 2002). The percentage of unemployed people in the European Union was 8% for the year 2003, and it was projected that by the end of 2004 the difference between the average of the 15 EU member states and

* TEI of Thessaloniki, Marketing Dep., Thessaloniki, Greece ** TEI of Thessaloniki, Farm Management Dep., Thessalonikii, Greece

don't work and would like to seek work are discouraged by phenomena of employment decrease and do not enter the labor market.

Hence the apparent decrease of the unemployment percentage is not the result of healthy development but rather a phenomenon that stems from the decrease of the labor force and the decrease of employment stability.

Additionally, for the years 1998-2000 the legalization of the refugees raised problems of data credibility, which made them not easily comparable to those of the previous years.

32

Greece had to attain about one percent (Labor Institute, 2003). Tackling unemployment does not stem from a corresponemployment ding increase, which, according to the European Union's (Labor Institute, data 2003), was stable or slightly negative until 2002. From the second trimester of 2002 a slight increase of 0,8% began, and stayed at the same level throughout 2003 and 2004.

During this period, contrary to what was expectlabor ed. the force dropped down to 94.000 people or -2.1% (IN.E., 2003).

It is obvious that the decrease of unemployment is due mainly to the decrease of the labor force and not to the increase of employment opportunities especially during 2000 and 2002. The labor force decrease is related to the phenomenon of discouragement: people who Despite all these and according to the Eurostat projections, the declining trend of the unemployment percentage in Greece will go on for the years 2003 and 2004 even below 9% (Labor Institute, 2003). Furthermore, during this period, the tendencies that involve age categories of the labor force that were observed during the last decade continue with a reduction of the working force at the borderline age categories and its increase in the middle ones. During the second trimester of 2002, there has been an increase of 31.400 people that are over 30 years old, while the employment of women in the category of 18 to 29 years of age has fallen. This phenomenon is the continuity of the 233.500 people increase (6,3%) and it is the result of the increase in the number of employees under the age of 30 (INE, 2003).

The above is supported by several factors such as the following:

- The phenomenon of discouraging young people concerning their entrance into the labor market;
- The need to obtain more formal skills (theoretical education) for their selection forces them to enter the labor market with a delay;
- The employers' growing demand concerning theoretical knowledge for the youth entrance into the labor market including the Greek public sector;
- The continuous entrance of immigrants in mature and productive ages;
- The tendency of SMEs to shrink, due to the entrance of multinational stores, leads to the reduction of their working force with the old age categories being the first victims.

The temporary employment, which is of major concern in this article, shows a 0.9% reduction between 2001 and 2003, which affects the general index and it is equally divided between both sexes (52.2% for men and 47.8% for women). In 2003 temporary employment has reached 268.000 people and has contributed to the increase of paid occupation by 15.3%, while it has a change rate of 18.9%.

The employment and unemployment issues are of importance, when we turn our analysis to a regional level, taking of course in consideration important region-to-region differences.

The number of employees, during the period under examination, increased in 6 out of 13 regions of the country (Kritikidis, 2000). The largest increases were observed in Thessaly and Central Macedonia, but also important increases were observed in Western Greece and Attika.

The role of the tertiary sector of economy was very important in the four regions where the biggest increases were observed. However, in Thessaly, the role of the primary sector was also important in the employment increase. As far as we are concerned, in Central Macedonia, all factors of economy played an important role in the increase of employment. It is worth noting that Central Macedonia and Western Greece were two regions in which employment was increased in the secondary sector.

The division of the unemployed people per region depends on the population of each region. So, the biggest part of unemployed people (44% in total) is found in Attika. Unemployment in Central Macedonia is also important: it features 20% of the total unemployment in the country.

Furthermore, in the unemployment percentages that are independent from the region's population, Attika is also first. The only region that has the highest unemployment percentage is Western Macedonia, while the percentage of Central Macedonia is similar to the national unemployment percentage.

Taking all this into account, there arises the question of how the implementation of regional programmes contributes to the decrease of unemployment. This is the question that we will attempt to answer in this study. Of course, we must take into consideration that these programmes do not provide a definite solution to the above-mentioned issues, because the vacancies that are created are temporary, since they are connected with the duration of the implemented projects (Papageorgiou, 1994).

There are various consequences from the ORP (Beutel, 1990), but most of them depend on or are closely connected to employment (Franzmeyer et al., 1991). In this survey emphasis was given to the evaluation of the ORP consequences in employment, because creating employment is a priority for Greece and the European Union. The investigation in this issue began with the empirical implementation within the framework of ORP in Western Greece from the survey of Samathrakis and Papadiodorou (2000), which concerned the 2nd CSF and the region of Western Greece and it expands today to the 3rd CSF and the region of Central Macedonia.

The philosophy that led to the creation of the European Union supportive programmes had to do with the increase of employment, especially in sensitive social groups and the possible largest decrease of unemployment (Economou and Maloutas, 1992). The estimation of the vacancies that were created during the construction period is a relative indication of the consequences (Georgiou, 1994). We did not choose this sample by chance, since it is easily countable, but of course there are difficulties in calculating it. Obviously, we must point out that the result of the measurement is not completely accurate, so the results must be examined taking this into consideration.

2. Methodology

First of all, we must describe the meaning of vacancy. Vacancies allude to the seasonal employment being created during the projects' construction which will no longer exist once they are completed. Thus, we must not confuse them with the permanent vacancies that are usually created after the project's completion. For those projects where staff is required for their organization and operation, this is valid for the introductory period and for limited time (max. three years) aiming at supporting the structures by the implementation body. After this period, these vacancies have to be self-funded by the body.

Since these vacancies are seasonal, they must be expressed by means of the equivalent of a man's year, meaning that they must count the number of full-time employees that have worked per year so as to have a clear and comparable image of the created vacancies.

The calculation of the vacancies during the construction period is possible in both a direct and an indirect way (Getimis and Kafkalas, 1994).

Using the direct method, based on the data available by each project's contractor, we search for the number of laborers¹ who worked for the project and then they are turned into the equivalent of employees per year so as to easily compare them with other projects and the full-time employment. On the contrary, the indirect way is based on the project's budget, i.e. since every project with an X budget has a Y percentage of labor; if we divide the percentage by the average salary of a worker, then we will have the number of the equivalent annual vacancies that were created (Karatzia, 2000).

Since the first way is time consuming because of the large number of projects and due to the fact that the contractors don't give out accurate data for fear of competition, we chose to use the indirect way of calculating the vacancies, which is simpler and more accurate. Furthermore, the calculation of the vacancies during the construction period was chosen to be the indirect one because it must mandatorily be the same as the one chosen for the previous work of Samathrakis and Papadiodorou (2000), so as to have totally comparable data between the two surveys.

3. Working hypothesis

Before trying to evaluate the indicators, we must point out that the calculation of the labor cost, though a seemingly easy process, will have difficulties since the labor cost is affected by several factors in each project (Klonaris and Dimitropoulos, 2000).

To make the evaluation of the seasonal vacancies hitherto created possible, we must examine a specific working hypothesis, which will involve the differentiations between the labor costs among project categories. The working hypothesis that was tested is that all the above differentiations, according to the law of the big numbers, are eliminated since the calculations are simultaneous for many projects of similar physical objective and, therefore, the average expresses the actual labor cost since the positive or negative variations countermand one another.

4. Estimation of the Indicator of Employment Creation

4.1 Definition of Project Categories

It was impossible to calculate the labor cost for each project (Samathrakis, 1996), because of the project's elaboration and their large number, so we had to divide them into groups. In this survey, we followed the same logic and the same categorization that was followed in the Samathrakis and Papadiodorou (2000) study, in order to be able to compare the data of the two studies. The way the selection and categorization was made, has been based on the previous survey, which was already provided by the projects themselves and it had to do with the Category of the Project's Technical Procedure Card (CPTPC). It was realized that within these categories there were several projects that varied greatly regarding the labor cost, so we had to make a new division. The one that was chosen was based on the logic of a CPTPC, but in several cases a CPTPC was divided in more than one in order to have a bigger homogeneity between the projects. Of course, to avoid confusing the reader, we kept the same enumeration in the new categories with the CPTPC. The only difference is that we turned two-digit figures into three digit codes in order to include the new subcategories. So the first two digits of the project's

code refer to the existing categories, while the rest of the digits refer to the new categories. The "new" project groups along with their relevant natural indicator are presented in Table 1.

4.2 Estimation of labor cost

Taking all these factors into account, we attempted to evaluate the percentage of the labor cost in the several project groups (Papadopoulos, 2000). This estimation was based on searching and cross checking the actual data of labor cost as provided by the specific projects' contractors or as they were taken from previous projects of the same category as they were given by the supervising engineers of the projects as well as by engineers of the Technical Service Departments of the Municipalities and the Communities. Relevant efforts to evaluate the labor cost and the consistency of the maintained / created vacancies during the construction period 1994-1999 have been attempted by other researchers (Karatzia, 2000) with some differentiations regarding the methodology. The results of the estimations are shown in Table 2.

4.3 Evaluation of vacancies

It is important to know the laborer's wages in order to evaluate the vacancies. The base wages, including the employer's contributions, were estimated as the weighted average of the wages of all the involved parties in the projects (Laborers, Assistants of the Technicians, Technicians and Engineers). The wage determined by the Social Security Organization (IKA) as well as the actual ones for the calculation base for the wages. Since the projects have been implemented from 2000 until today, the base wages were estimated as the average of the years; they run up to \in 70 for all technical projects and to \notin 150 for professional training projects.

The equivalent of the annual employment equals 8 working hours per day multiplied by 23 days per month for 12 months.

The calculations that concern predominantly the training projects regarding both the labor cost and the base wages were based only on actual data.

For the special calculation of 501 and 502 categories, we took into account the basic salary of people with 3 years of previous experience, single, above 15 years old as it is determined by the tables of IKA including the employer's and employee's contributions up to \in 657,83. The minimum number of people hired for the support of each structure is five and rises according to the population of the Municipality in charge. The employment period of the employees is calculated on an annual basis for three years which equals the duration of the programme support to the projects. Then the bodies are obliged to continue the projects with their own funds. Despite that, the bodies have been given an extension of two years for the operation of these projects with simultaneous funding.

As a consequence, the equation used to evaluate the vacancies during the construction period is given hereafter (Samathrakis and Papadiodorou, 2000):

 $L_t = (C^* L_p) / (W_t^* D^* M)$ where

Lt : Vacancies during the construction period C : Project's budget

¹ The term laborer is used in a broad sense, it doesn't only include the simple laborers, but also the technicians, and the entire labor staff involved in the project's implementation.

- L_p : Percentage of labor cost
- W_t : Base wages
- D: Working Days
- M : Working Months

5. Results

The results of the calculations, according to the equation, concern groups of homogenous projects. Since this kind of projects, when planned, sets goals per priority axis as well as per measure, it would be interesting if these results could also refer to them. As a consequence, the following presentation of the results is of three levels, i.e. priority axis, project group and finally measure.

The expected total vacancies created by the programme were 10.909², quite a remarkable number.

5.1 Results in the level of priority axis

The priority axis (3), which with 31,56% has the biggest percentage in employment creation, is the one of "Reduction of interregional inequalities in Central Macedonia" followed by the objectives "Prominence of the Metropolitan role of Thessaloniki and encouragement of innovation and entrepreneurship" depicted by axis 1 (23,14%), which is almost equivalent to the one of "Preservation and prominence of the environment of Central Macedonia" denoted by axis 2 (21,53%). The next objective is the enforcement of the agricultural development "Agricultural development" depicted by axis 4 (18,06%). The remaining three objectives are expected to create far less employment, ranging between 0-4%.

Thus we come to the conclusion that there is an equal support tendency both towards the metropolitan center of Thessaloniki and the rest

of the district aiming at the preservation/creation of vacancies in this area and the decrease of occupational urbanism in the center of Thessaloniki.

5.2 Conclusions per measure

From the data analysis we come to the conclusion that the project groups that can create a large number of vacancies are:

Table 1. Standard Categorization of Projects in Groups Nr PROJECT GROUPS NATURAL INDICATOR P.G. 11 Large scale road construction out of cities, Length Improvement in large scale road axes out Detours of cities (Kms) Length of bridges (m) 12 Bridges 13 Small scale road construction out of cities Length improvement in road axes out of cities (Kms) 14 Agricultural road construction Length of agricultural road construction (Kms) Municipal - Communal Road Construction 20 Length of municipal - communal road construction (Kms) 30 Organization of spaces of waste disposal and management 41 Primary - Secondary Education Number of class rooms 42 Buildings of universities - TEI - Research Number of class rooms / Surface of class rooms centers - Laboratories 43 Surface of buildings (m²) Renovation of buildings 51 H ospitals Number of beds / Surface of buildings (m²) / Equipment 62 Cultural Centers Surface of buildings (m²) Water Supply of Communities - Refineries Length of water supply network (m) / Tank capacity (m³) 71 72 External Water Supply Network Length of external water supply network (m) 73 Replacement of Internal Water Supply Ne twork Length of water supply network (m) 91 Drainage networks Length of drainage networks (m) 92 Length of drainage networks (m) / Number of units / Drainage - Biological Cleaning Volume of processe d liquid disposals (m³/d) Length of drainage networks (m) / Number of units / 93 **Biological Cleaning** Volume of processe d liquid disposals (m3/d) 120 Modernizations - improvements of irrigation (acres) Irrigation 170 Kindergartens Number of kindergartens / Surface of buildings (m²) 180 Museums Surface of buildings (m²) Surface of buildings (m²) 191 Various buildings Improvement of facilities of ski centers 192 Number of tourism facilities improvement projects 201 Ports Pier, seawall and platform length (m) / Number of ports 202 Marinas Number of marinas / Number of anchoring positions 203 Small Boat Huts - Fishing Huts Number of huts / Number of boats Improvements of infrastructure -Number of protection projects and infrastructure in facilities of lagoons 211 lagoons Water saving (m3) 220 Big Dams 241 Basic demolitions - Ground sys tematization Basic demolitions - Ground systematization (acres) / Ant i-flooding protection (acres) 242 Completion of Agrarianism Completion of Agrarianism (acres) 250 Renovation - Projection of Archaeological Sites Number of projects 260 Number of monument restoration projects Monument restoration 280 Renovation - Projection - Formulation of Areas 500 Undistributed 501 Unspec ified 502 Implementation Citizen service units, assistance in home, disadvantaged social groups etc. 601 Agricultural electrification Number of electrified farms 602 Mild forms of energy Gree nhouse cultivations (acres) 603 Number of schemes - beds - rooms Agri-tourism 604 Post establishment Number of units/ Surface of buildings (m²) 605 Forest protection - Reforestation - Improvement Agriculture - Forestry of neglected forests (acres) - Forest road construction (Kms) 700 Training Number of seminars - persons

Source: Elaboration of primary data from the reports of the evaluation council of the ORP of Central Maced onia

- Limited road construction mainly in the rural roads (M106 and M301);
- School buildings (M303) and hospitals (M302), which concern the improvement of the infrastructures as well as the conservation of monuments (M306) and monasteries of Mt. Athos (M203);
- Community water supply (M201) that mainly concerns the irrigation of rural areas (M401 and M402).
 The specialization of the level of project groups allows us to lo-

Table 2. Estimation of the Percentage of Labor Cost per Project Group		
Nr. P.G	PROJECT GROUPS	% of Labor cost
11	Large scale road construction out of cities, Detours	17
12	Bridges	35
13	Small scale road construction out of cities	30
14	Agricultural road construction	25
20	Municipal – Communal Road Construction	30
30	Organization of spaces of waste disposal and management	15
41	Primary – Secondary Education	30
42	Buildings of universities - TEI - Research centers - Laboratories	30
43	Renovation of buildings	45
51	Hospitals	30
62	Cultural Centers	30
71	Water Supply of Communities - Refineries	30
72	External Water Supply Network	20
73	Replacement of Internal Water Supply Network	30
91	Drainage networks	25
92	Drainage – Biological Cleaning	30
93	Biological Cleaning	30
120	Irrigation	20
170	Kindergartens	30
180	Museums	32
191	Seve ral buildings	30
192	Improvement of facilities of ski centers	15
201	Ports	20
202	Marinas	20
203	Small Boat Huts – Fishing Huts	20
211	Improvements of infrastructure – facilities of lagoons	30
220	Big Dams	20
241	Basic demolitions – Ground systematization	4
242	Completion of Agrarianism	30
250	Renovation – Projection of Archaeological Sites	70
260	Monument restoration	60
280	Renovation – Projection – Formulation of Areas	50
500	Undistributed	
501	Undefined	Special Calculation
502	Imp leme ntation	Special Calculation
601	Agricultural electrification	25
602	Mild forms of energy	10
603	Agri-tourism	40
604	Post establishment	25
605	Agriculture - Forestry	30
700	Training	29
Source: Elaboration of primary data from the reports of the evaluation council of the ORP of Central Macedonia		

cate the infrastructure project categories that create many seasonal vacancies.

5.3 Conclusions in the level of project group

The project groups (cf. Table 1), which create a lot of vacancies, are:

- All kinds of transportation structures on the urban and regional road network;
- Health-care structures: an important innovation is the manning of these structures by employing the appropriate staff and creating

the senior support units through the programmes "Care in the House";

• Tourist - cultural structures giving special emphasis on the reconstruction of Mt. Athos' monasteries;

• Structures to support the local economy. These measures aim at developing the agricultural structures of the region;

• Secondary education aiming at supporting disadvantaged social groups thus giving them a chance to employment. The orientation concerns mainly young unemployed people who enter the labor market for the first time regardless of their qualifications, unemployed women and people aged between 45 and 64 aiming at acquiring skills for their entrance in the labor market.

Therefore, despite the fact that they are basically structure projects that will create part-time vacancies, they also create the necessary infrastructures for the development of long-term job positions.

6. Conclusions

From the above-mentioned data presentation and analysis, it is clearly understood that one of the basic consequences of the projects co-financed by the European Union in the implementation area economy has been the one of the creation of employment, contributing partially to confronting the employment issue and fighting unemployment. We should, however, bear in mind that these programmes do not provide definite solutions to the above-mentioned issues, given the fact that the created vacancies are temporary since they are directly connected to the duration of the implemented projects.

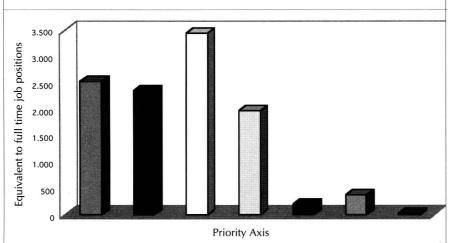
The investigation of the issue started from the empirical application of the method within the framework of the ORP of Central Macedonia. The analysis carried out concerned initially the level of strategies and the level of measures and assisted in locating the objectives that create em-

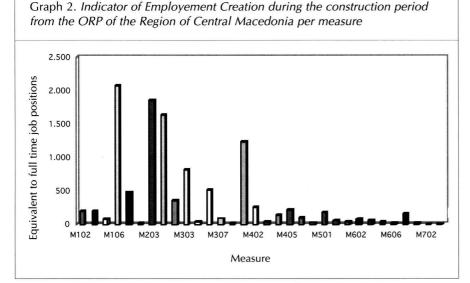
ployment. However, this approach did not allow detailed comments on which the specific projects are responsible for this development and that is why we turned to the analysis of the level of groups of homogeneous projects. More specifically, the creation of temporary employment from the programme is important and it stems mainly from infrastructure projects the positive consequence of which ceases with the project's completion.

With all the above-mentioned reservations the presented evaluation method of vacancies created can be a useful programming tool for the local bodies or the government for the treatment of the unemployment issue.

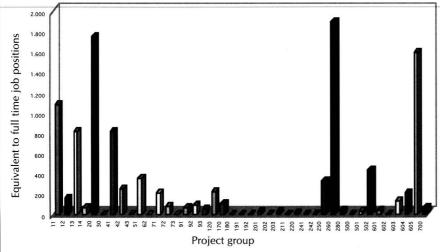
² This number seems to be incredibly big compared to the number of unemployed people in the region (24.361) because it concerns the cumulative number of the vacancies for all six years. This means that the persons of the second, third or sixth year are different therefore additional, while in reality they may be the same who continue working in the same project.











References

Beutel J., 1990. The economic impacts of the Community Support Frameworks 1989-1993. Internal Rapport C-CE, Brussels.

Bougas T., 1994. The evaluation of the Community structural policies, Topos, 7, 105-119.

Ekonomou D., Maloutas Th., 1992. The Community Support Framework for Greece. Experiences and perspectives. Proceedings of the Congress: Public administration and Regional Development via the activation of the endogenous manpower. National Center of Public Administration, - IDE, Rhodes.

Franzmeyer, F., Hrubesch, P., Seidel, B., Weise, Chr., and Schweiger, I., 1991. The consequences of Community Policies on the Region. European Council, Directorate of Studies, Series "Research and Documentation" and "Regional Policy and Transportation", Issue 17, Luxemburg.

Georgiou G., 1994. The Implementation of EC Regional Programmes in Greece: A critical review, European Planning Studies, 3, 321-336.

Getimis P., Kafkalas G., 1994. Evaluation of Development Projects: Methodology and framework of values, Topos, 7, 5-20.

Karatzia I., 2000. Operational Regional Programmes of Central Macedonia. Proceedings of the Scientific Congress of Greek Regional Planners, Athens, 199-220.

Klonaris M., Dimitropoulos I., 2000. ORP: "Access and Road Axes". Proceedings of the Scientific Congress of Greek Regional Planners, Athens, 69-96.

Kritikidis G., 2000. Employment structure and labour market in Greece, Enimerosi, 64, Athens.

Labor Institute (IN.E), 2003. The Greek Economy and the Employment, Annual Report, Athens.

Papadopoulos N., 2000. Methodological approach of the project: Evaluation consultant for the Operational Regional Programme of Industry for the development of private infrastructure to the Regions of Central Macedonia, Western Macedonia, Eastern Macedonia-Thrace within the framework of the initiatives SME, RESIDER II, RECHAR II, KONVER. Proceedings of the Scientific Congress of Greek Regional Planners, Athens, 235-253.

Papageorgiou F., 1994. Framework and Methodology of Evaluation of the Regional Programme, Topos,7, 121-127.

Samathrakis V., 1996. An evaluation model of development projects. The case of Operational Regional Programmes. Proceedings of the 9th Congress of the Greek Institute of Statistics, Xanthi, 324-333.

Samathrakis V., Papadiodorou G., 2000. The impacts of the European Programmes on job creation: An empirical approach of the case of Western Greece's ORP. Proceedings of the 7th International Congress of the Economic Society of Thessaloniki, "Economic and Financial Developments in the Era of the Euro", Kavala Greece, 76-86.