



Uptake of agri-environmental schemes in the Less-Favoured Areas of Greece: The role of corruption and farmers' responses to the financial crisis

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ABSTRACT

Vine-growing in the Less-Favoured Areas of Greece is facing multiple challenges that might lead to its abandonment. In an attempt to maintain rural populations, Rural Development Schemes have been created that offer the opportunity to rural households to maintain or expand their farming businesses including vine-growing. This paper stems from a study that used data from a cross-sectional survey of 204 farmers to investigate how farming systems and farmers' perception of corruption, amongst other socio-economic factors, affected their decisions to continue vine-growing through participation in Rural Development Schemes, in three remote Less-Favoured Areas of Greece. The Theory of Planned Behaviour was used to frame the research problem with the assumption being that an individual's intention to participate in a Scheme is based on their prior beliefs about it. Data from the survey were reduced and simplified by the use of non-linear principal component analysis. The ensuing variables were used in selectivity corrected ordered probit models to reveal farmers' attitudes towards viticulture and rural development. It was found that economic factors, perceived corruption and farmers' attitudes were significant determinants on whether to participate in the Schemes. The research findings highlight the important role of perceived corruption and the need for policies that facilitate farmers' access to decision making centres.

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1. Introduction

In Greece, 83% of agricultural land is in Less-Favoured Areas (LFA) where 29% of the population lives. Agriculture in LFA is the main activity consisting of extensive systems of olive and vine growing (Hellenic Ministry of Agricultural Development and Food, 2007).

Viticulture has contributed to the cultural and economic life of these areas creating landscapes of great aesthetic value. However, during the last 15 years, viticulture is being abandoned, as farmers take up other employment. The consequences of abandonment include a reduction of grape supply to the wine-making industry and important impacts on the social and economic structures of

the LFA. Amongst the main threats to viticulture land use in LFA are low productivity and tourism infrastructure (Tzanopoulos et al., 2011; Kizos et al., 2009) along with low grape prices, high labour demands and seasonality of employment demand (Papadopoulos and Papanikos, 2005).

However, in recent years, traditional vine-growing has gained importance again as a change in lifestyle of the urban population has created a revived demand for traditional landscapes and ways of life (Fleskens et al., 2009). Also, as a result of the global economic crisis, Greek households are facing economic challenges, leading residents of LFA to return to farming and vine-growing (Kassimis and Papadopoulos, 2013).

In an attempt to maintain the rural population, the EU's Rural Development Policy was designed to provide opportunities to farmers in LFA. These opportunities include the promotion of multifunctional activities. The EU Rural Development Policy was implemented in Greece by the Rural Development Program for Greece, 2007–2013. Three schemes were included in this program for the vine-growing sector: an investment aid scheme that compensates up to 80% of an investment made to improve farm

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infrastructure; a subsidy for the adoption of organic practices compensating growers for income losses from being organic; and a subsidy scheme for investment in agro-tourist activities, paying up to 80% of investment made on non-farming activities on farm. These schemes were on a voluntary basis and subject to the rules of eligibility of the Rural Development Programme for Greece. These measures were seen as crucial for the sector, but the adoption rate has not been as high as expected by policy makers (Karanikolas and Martinos, 2007). An investigation into the first two of these schemes is reported here.

Previous studies on the Greek agricultural sector have revealed that one of the country's major problems is associated with institutional structure including corruption. Specifically for agriculture, in any transaction with the authorities, farmers' ability to approach and influence the institutional system could be difficult due to institutional corruption. Institutional corruption in Greece is a complex social issue, which is led by financial motives and processed through social interactions between farmers and authorities and the interference of agencies and informal political networks (Louloudis et al., 2000; Vounouki, 2004; Karanikolas and Martinos, 2007; Barrio and Vounouki, 2003). Implementation of agricultural policies is perceived by the public as subject to corruption and political interests and dependent on fragmented, clientelist and uneven social protection which is often facilitated by the complicated legislative framework (Kourliouros et al., 2006; Karanikolas and Hatzipanteli, 2010; Monastiriotes and Antoniadis, 2009).

The economic recession caused by the ongoing Greek Government's debt crisis has had great financial and social consequences at both the individual and sectorial levels, including the agricultural and rural sector. The resultant austerity measures have led to reduced farm incomes and product prices and reduced access to credit. The budget for funding rural development has also been reduced and farmers are less willing to take investment risks (Hellenic Ministry of Agricultural Development and Food, 2012).

The success of multifunctional agricultural schemes depends on farmers participating in them. Most research on farmers' willingness to participate in multifunctional schemes in Europe has focused on agri-environmental schemes. Four different approaches emerge from such literature: the financial approach where farmers' decisions are based on profit maximization (Sintori et al., 2009; Genious et al., 2006; Bougherara and Latruffe, 2010); the spatial approach that examines farmers' intentions from a geographical view (Wilson, 2009; Lange et al., 2013); the social demographic approach where decision making is based on demographic and structural characteristics of the farms and on the nature of the measure to be adopted (Tore, 2003; Mathijs, 2003; Broch et al., 2012; Vanslebrouck et al., 2002); and the behavioural approach that investigates farmers' behaviour, views and attitudes on key aspects associated with agri-environmental schemes (Blackstock et al., 2010; Burton et al., 2008; Rehman et al., 2007; Emery and Franks, 2012; Ingram et al., 2013). Some previous behavioural studies have also combined psychological aspects and farm characteristics when investigating farmers' decision making at the individual level (Mattison and Norris, 2007; Lippelle and Kelley, 2013; Gorton et al., 2008; de Lauwere et al., 2011; Areal et al., 2012; Hansson et al., 2012; de Graaff et al., 2010).

In Greece, Papadopoulos and Papanikos (2005) examined the labour allocation preferences of vine-growing households on a Greek island and Oxouzi (2008) investigated the adoption of organic viticulture in Central Macedonia with the focus being on economic and demographic factors, and not on farmer's attitudes and behaviours.

Here, we use an integrated approach that combines socio-economic, geographical, agricultural and psychological aspects to investigate farmers' intention to participate in two multifunctional schemes, an investment aid scheme and a subsidy scheme for the

adoption of organic practices, as well as a set of potential drivers behind farmers' intention. We incorporate three novel aspects, farmers' perception of institutional corruption, farmers' perception of economic recession, and farming systems into our analysis of intention to participate in the schemes. Perception of corruption is a factor that has not been incorporated before in behavioural studies of farmers. Similarly, perception of the ongoing economic recession is used here for the first time. Although farm structural characteristics are often incorporated in this type of analysis, we focused on identifying specific vine-growing systems to both examine their influence on farmers' willingness to participate in agricultural schemes and use them as control variables. Farming systems within LFA are quite diverse and depend on factors such as tradition, terrain and resources available and the purpose of the vineyard. We classified farms based on their characteristics, purposes, structure, intensity and farm household characteristics. Our analysis enables us to discuss policy tools that could increase vine-growers' participation in these schemes making them more efficient.

This paper is organized as follows. First, the methodology used is explained, including a description of the data collection method and an explanation of the econometric analysis of farmers' willingness to participate in the two schemes. Then, the results of the analyses are presented and discussed. Finally, some conclusions are made.

2. Methodology

2.1. Conceptual framework

We use the framework of the Theory of Planned Behaviour (TPB), developed by Ajzen (1991) to help explain human behaviour as a "starting point" to frame the problem. Thus, an individual's intention to participate in a scheme is based on the farmer's prior beliefs about the scheme. An individual's overall belief comprise behavioural, normative and control beliefs. In this context: behavioural beliefs are an individual's personal beliefs about the consequences of participating in the agricultural scheme; normative beliefs are an individual's perception of social pressure to participate or not in the scheme; whereas control beliefs refer to the individual's perceived ease or difficulty of participating in the scheme. A number of statements on potential farmers' views about the scheme were evaluated by farmers and grouped into a number of components using non-linear PCA. This enabled us to use these new constructs in the analysis of farmers' intention to participate in the schemes.

Since we were interested in investigating how specific factors, such as farmers' perception of institutional corruption, farmers' perception of the economic crisis as well as farmers' views about the future and local characteristics of the environment in which the farm is located (i.e. the agricultural system of the farm) may affect farmers' intention to participate in the schemes, we incorporated them along with socio-demographic aspects and farmers' experience of participating in similar schemes into our conceptual framework (Fig. 1).

2.2. Survey

Three Greek areas with substantial vine-growing activity were selected for study: the mountain area of Ioannina; the island of Samos; and the coastal area of Kavala. They represent three types of LFA in Greece – mountains, islands and areas with special handicaps, as designated in EU Regulation (EC) 1698/2005.

The survey of vine-growers took place between July and September 2012. A total of 204, randomly chosen, vine-growers participated. The survey used an anonymous questionnaire. The

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