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Stream 6: Labour market policy, activation and beyond

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Governance and effects of activation policies

Abstract

The expectations of the improved effects of the activation policies represent a strong motive for implementation of new governance structures, new modes and specific procedures of delivery of the activation policies. In this paper we are dealing with the question whether the expectations of improved effects due to governance reforms have been met in nine EU countries and how they are associated with the specific characteristics/reforms of governance of activation.

We distinguish three types of effects: first, the process effects, like treatment of the unemployed people, their voice and choice when involved in activation, the individualized nature of the service provision process. Secondly, we look at output effects (policy effort), which include the range (scope) and variety of the programmes, the coverage and reach (targeting) of programmes and services to specific groups, and service content and quality. Lastly, we are interested in the outcome/employment effects (gross and net) on job placement.

We conclude that the expectations of the governance reforms are not unequivocally in favour of the reforms. This is remarkable since all the countries we studied show comparable and to some extent converging trends in activation reforms. The reasons for this discrepancy between aims and effects are not easily to detect, but implementation difficulties are one explanation, and problems with adequate financing may be another.

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Introduction

Most reforms in the governance of activation policies stem from the expectation that changes in the governance process will contribute to a more effective and qualitative provision of services. In line with our earlier research project on the governance of activation (van Berkel, de Graaf, Sirovatka (eds), 2011) we make a distinction between substantial (level of content of policy) and procedural (level of governance) reforms in activation, but we think that both forms also may presuppose each other: policy changes lead to revisions of governance, and vice versa. But substantial policies are not our main concern here, we concentrate on governance changes, and are especially interested in their effects. We take four main forms of governance reform as our starting point: decentralisation, marketisation and competition, new public management and interagency cooperation. Each of these reforms is connected to a set of expectations about their effects, some of which are specifically tied to the particular reform, and others are more or less loosely coupled to several reforms at the same time. Decentralisation is mostly associated with the possibility of policy flexibility, the adaptability and responsiveness to local needs and circumstances and the capacities of the local partners to develop a more integrated provision of services suited to the individual problems. From marketisation a greater efficiency and effectiveness is expected, which can contribute to lowering of the costs of activation on the one hand and to more innovation and quality than the traditional bureaucratic provisions at the other hand. New public management is supposed to deliver the mechanisms by which public policies can be designed more in terms of steering by targets and of accountability in results. This may also entail the stimulation of interagency cooperation, which by itself is deemed to be more effective by combating silo management and by enhancing a greater choice and voice for the clients.

This optimistic picture knows however from the start some serious pitfalls. First, some of them arise in the process of implementation of activation policies. Governance models and practices are not always implemented as foreseen. A variety of factors may explain this: the local actors' interpretation of the official reforms in policy and governance, the circumstances under which they have to implement them, and their capacities to do so. Besides institutional interests, ways of financing the services, the distribution of responsibilities between national and local actors etc. can have influence in the installation of new forms of governance. So in dealing with the study of effects of the governance of activation, the situation is rather complex and dynamic: it is not just the formal changes that have to be taken into account, but also the (sometimes messy or whimsical) practices of implementation.

Second, the possibilities to assess the effects of governance on activation policies are limited. A first limitation is the circumstance that substantial and procedural reforms often come in one package, which make it difficult to separate the effects of each separately. Secondly the systematic or overall evaluation of reforms is scarce. A clear evaluation of the pre-reform situation and of the new reform is lacking, and the studies done are mostly oriented towards one aspect and are rather short-termed. There are also differences between countries in the emphasis on the need for evidence based reforms (some countries like Czech Republic or Italy collect little evidence). Similarly, some reforms, like marketisation, are more extensively studied than others such as decentralisation, and the same counts for some effects, where gross employment effects are studied more than the effects on clients.

Third, the objectives of the governance reforms are often many and not always clear it is clear whether they are about cost-effectiveness or quality, about short term placements or long term job retention? Finally, the results (especially in terms of job placements) seem to vary with the economic tides: when unemployment is rising due to economic crisis the effects are also diminishing.

Taken together this implies that our analysis of the effects has to be modest and explorative. We will concentrate on the reported studies of nine countries¹ and try to entangle the effects of governance changes on three levels (see table 1).

¹ The studies have been undertaken within the EU project Reconciling Work and Employment (RECWOWE) during 2008-2010.

Table 1. Potential effects of governance reforms

Type of effect	Indicator
Process effects	Voice and choice
	Individualised service provisions
	Rights and responsibilities
Output effects	Coverage and reach
	Service content and quality
	Range and variety
Outcome effects	Job placements (gross and net)
	Job retention and quality
	Cost effectiveness

Process effects are pertaining to the individualised treatment of the unemployed people, the voice and choice involved in the activation and the rights and duties of the unemployed. Output effects deal with the range and scope of the programmes, their coverage and reach, and the quality of the services. Outcome effects are the gross and net results in terms of job placement, the lasting effects of placements and the levels of costs². The ground material for this has emerged within a 6th EU framework project *Reconciling work and welfare in Europe* (Network of excellence) – the papers on governance reforms in nine countries exist (Czech

² The available information is not enough to assess the effects for job retention and quality. For similar reasons we also omit cost effectiveness.

Republic, Finland, Italy, Germany, France, Netherlands, Switzerland, Sweden, United Kingdom) which enable comparisons of these reforms with close eye on their consequences for the effects of activation policies.

The article is structured in three steps. First, we briefly outline some of the main changes in governance in the nine countries and delineate their importance for the analysis of effects. Secondly we assess the effects of these changes according to our scheme of process, output and outcome effects, and thirdly we discuss the implications of these effects in the context of activation.

The governance reforms in nine countries

We will not discuss the reforms for each country separately, because we have reported these elsewhere (van Berkel, de Graaf, Sirovátka, 2011). We will try on the contrary to group the countries according to some main characteristics, in terms of what we have called types of governance regimes (Considine, 2001).

The first governance type is referring to the measure in which countries are characterised by procedural regulations, that is laws and rules at the national level, aiming at reliability and universal treatment. This governance type may be more or less centralised. In general one can observe a decrease in central regulation and more emphasis on decentralisation to local or regional levels. Of course, some countries like the UK and Sweden are still strong in more centralised procedural governance, while others like the Netherlands know a much stronger decentralised administration of activation. Other countries like Germany and France show different forms of decentralisation, where for instance unemployment benefits are more strongly organised on the national level, and social assistance benefits on the local level (Italy and Switzerland).

The second and third type of governance regimes relate to market and corporate governance forms. Market governance refers to a cost-driven form of outsourcing public services to market actors which can compete on prices, and corporate governance entails the steering on goals and targets. These types of regimes are mostly seen as belonging to a combined strategy and have become more dominant in all countries. There are of course differences, with France and Czech Republic for instance as countries with less prominent corporate governance, and

Switzerland with more corporate governance, and with some countries like Sweden that show weaker forms of market governance. But surprisingly, independent of the welfare state type, be it liberal or more social-democratic, all countries share a development towards these two governance regimes.

The fourth type of governance regime is network governance, where on the one hand the cooperation between public and private partners in policy making and implementation is central and at the other hand the mutual involvement of clients and service providers is implicated. Especially in the first variant differences between countries can be observed in the participation of social partners (employers and employees): some countries like the UK and the Czech Republic have no tradition in this corporatist governance, while in others such a tradition was existing but has weakened, like in Germany, the Netherlands, and France. In the second variant interagency cooperation has been developed, like in Finland, Germany or the Netherlands, sometimes with forms of empowerment of clients by vouchers or individual action plans, but also with stricter conditionality of benefits related to participation in activation.

Although it is possible to discern some main trends in the nine countries, like a decrease in procedural governance and a growth in market, corporate and network governance, each country offers specific forms of hybrid governance, with different mixes of decentralisation or recentralisation, with more or less development of quasi-markets in activation and so on. It is thus hardly possible to relate the effects in the changes in governance to some 'hard' or 'fixated' independent variables that run across the countries.

We do not aspire to solve the above problems in the overview of effects we present here: the existing studies do not provide sufficient grounds for it. Rather we are interested in mapping the existing reflections on the various kinds of effects of activation policies and their link to governance reforms and implementation. Outcome effects (employment or employability effects) represent the key concern in activation. Nevertheless, we assume that these outcome effects depend (beside other factors) quite heavily on the changed procedures of treating the unemployed (process effects) which typically emerge due to governance and social policy reforms and the changed characteristics of activation measures like their scope, their targeting and quality (output effects). For this reason we are interested very much about the process

effects and output effects which are sometimes more accessible to the inspection of the researchers than outcome effects considering the methodological limitations.

The effects of governance reforms in activation

Process effects

We can distinguish two groups of countries: in the first one (Finland, Sweden, Netherlands, and partly Switzerland) we observe some positive effects of the governance reforms in terms of individualized service/approach and voice/choice for the unemployed. In the other group (Czech Republic, France, UK and Italy) we identify mostly negative trends although in all countries, however, due to 'substance' of the activation reforms duties put on the unemployed increased while their rights did not expand at all. Germany seems to be in between.

It appears that one crucial intervening variable behind the above mentioned distinctions concerning choice and individualization are the sufficient implementation capacities: either these capacities existed before the governance reforms were implemented (Sweden) or the emphasis has been put by policy makers also on building the appropriate capacities during reforms (like in Finland, Germany, Netherlands, and Switzerland). When looking at the first group of countries, we see several similarities but also some differences concerning process effects.

The *Netherlands* study by van Berkel and de Graaf (2011) has documented that the choice for the unemployed has increased due to market competition. On the other hand there are indications of creaming-off effects: this means that the least advantaged in the labour market have not been provided with more choice, at the end. Similarly, in *Sweden*, the increased satisfaction with the services and with more intensive contact with the personal advisor was evidenced (Minas, 2011) in the marketized sector of employment services – although the link between work and welfare has become stronger (less eligibility for benefits due to activation requirements). In *Finland* LAFOS succeeded to integrate services for hard to place unemployed, among other with the

principle of ‘working pairs’ (employment advisor and social worker work together to solve the individual cases) and to increase the choice and voice options for the unemployed through ‘network of organisations’ which also include NGOs in great extent – in spite of the fact that the duties of the unemployed increased as well (Karjalainen 2011). *Germany* represents a case of the comprehensive reforms of the governance with expected significant gains in individual treatment (Dingledey, 2011). Nevertheless, the evidence is not much convincing: the choice for the unemployed has been supposed to increase due to the implementation of vouchers. But the studies document the lack of reliable information about the quality and appropriateness of the services: only 1.8 % of the clients used the services purchased through the vouchers in 2008 (Bundesagentur für Arbeit, 2010; calculation by Dingeldey 2011). Second, the number of clients per one officer diminished due to the implemented case manager principle. Participation of municipalities enabled networking of the unemployed to other services and due to ‘specialized case management approach’. On the other hand there are indications of the dualization of the employment services when the gains of the above approaches were mainly aimed at the ‘first circle’ of the unemployed (UB, not SA recipients).

Switzerland is a contradictory case: in terms of choice and individualization, the establishment of Regional Employment Centres represents improvement of the capacity of services which is mirrored in increased subjective satisfaction of the unemployed with the services and by the fact that some cantons have implemented individual contracts. On the other hand lack of the offer of the activation measures available restricts the choice (Pfister, 2009).³ Individualisation of the services is mainly associated with pressures on the motivation of the unemployed, which means pressures on their own responsibilities (Ehler and Sager, 2011).

In the other group of countries we evidence rather negative effects or lack of effects.

In *Great Britain* the principles developed for the group of the unemployed have been expanded to the groups like lone parents, ill and disabled people: the GATEWAY applied by personal advisors in Jobcentres (which represent the central elements of governance reform) assumes that all target groups are treated the ‘same way’ (Wright, 2011). This re-

³ The governance reforms have not been accompanied with the sufficient enlargement of the scope of financial support to activation measures.

categorization of the heterogeneous groups of the inactive into one group leads to the simplification/standardization of the intervention: regardless of the cause of their unemployment the key target of the intervention are the individual deficits of the inactive (like lack of motivation, skills, etc.).

Consequently, the choice for the unemployed did not expand although the partnerships with the NGOs grew in scope. Similarly, the application of the principle of individual service rather declined since the job placement targets implied rather standardized work-first focused information and advice (Work Focused Interviews) and low cost and short-term placement have been prioritized (Wright, *ibid.*). The duties of the unemployed and inactive increased due to re-categorization of the unemployed and the inactive into one group. Great Britain supports the personal capacities in PES, on the other hand the offer of active labour market policy programmes is among the least supported in Europe.

In *France*, the process effects are unclear. The RMI scheme has brought increased inter-agency cooperation within Employment Houses. On the other hand the 'cultural conflict' between ANPE (public employment services) and Assedic (local units) emerged. Nevertheless, the local units sometimes spontaneously find the effective solutions (Eydoux and Béraud, 2011).

Similarly, in the *Czech Republic*, where in fact no governance reforms took place individualization in the form of individual contracts failed due to insufficient personal capacities of PES and has been transformed into simple administrative rule of signing Individual Action Plans. On the other hand the marketization has led to the involvement of the actors (non-profit or for-profit) that sometimes offer more individual service. And the grip on the unemployed increased since the process principles put more emphasis on their duties than their rights: the 'administrative approach' to the individual contracts leads to increased emphasis on 'duties'.

In *Italy*, the insufficient personal and financial capacities for ALMPs especially in the Southern part of the country also implied limited application of the individual approach. Second, due to the insufficient implementation capacities for ALMPs voice of some groups of the unemployed (outsiders-temporary workers) has been left aside (Graziano and Raué 2011).

Output effects

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When comparing the output effects in nine countries, the results are even more mixed than the process effects: some countries exhibit some positive effects in terms of scope of activation measures but not in terms of variety of services related to the governance reforms of activation policies and vice versa.

Sweden is a country where ALMPs of all kinds are traditionally well developed - in 2007 for example 1.078 % of GDP was devoted for ALMP measures; this is after Netherlands the highest share from the inspected countries. Sweden also developed more than other countries some aspects of the governance reforms: due to decentralization local variation in service availability emerged and has motivated the new wave of reform: re-centralization of measures to the national level (Minas, 2011). Besides, it was evidenced that only one third of target group which had to be assigned to programs within 100 days of their unemployment according to the rules has got access to programs (Carling and Larsson, 2005).

Finland achieved relative high expenditure of 0.821 % of GDP on ALMPs in 2007. The scope of the services and their intensity increased due to the governance reform of activation: for example between 2005 and 2007 the number of unemployment recipients in activation measures grew from 10% to 35%. Nevertheless, if we focus on the LAFOS potential clients, there were 125 thousand hard-to-place unemployed in 2007 in Finland from which 52 thousand were long-term unemployed while there were only 26 thousand of LAFOS clients evidenced (Karjalainen and Saikku, 2011) – this documents coverage of about 20% of the hard-to place only. Although the clients' feedback indicate their individual satisfaction with the quality of services in 80%, there was still insufficient focus laid on the external factors of employability (Karjalainen and Saikku, *ibid.*).

In *the Netherlands* the scope of activation increased significantly: first, in 2007 the Netherlands devoted 1.093% of GDP on ALMPs, which is slightly more than in Sweden. Second, between 2001 and 2005 the numbers of the participants in activation increased from 23.000 to 46.500 among unemployment support recipients and from 11.000 to 98.000 among social assistance recipients. Beside, governance reforms (including marketization) have increased services diversity. Nevertheless, it was assessed that the access to services for the most vulnerable clients diminished since private providers found it difficult to develop adequate services for them. In general municipalities focused above all on those quickly to re-integrate into the labour market among social assistant recipients, thereby offering more job mediation but less

education (de Graaf and van Berkel, 2011) and 88% of them provided work-first programmes (Divosa, 2009). Similarly, there was decline in numbers of subsidized permanent jobs in open labour market evidenced due to new funding regime: between 2004-2005 their share in the budget dropped from 55% to 34% (de Graaf and van Berkel, 2011).

France may be also ranked among countries with rather high expenditure on ALMPs (0.914% in 2007). Nevertheless, with marketization, coaches working for the new providers did not develop innovative methods but rather use selective procedures in order to improve their outcomes (Divay, 2009). Consequently, creaming-off problems were evidenced (Eydoux, Béraud 2011). The marketization tends to draw new private providers into the quasi-market for placement and job-search support. These new providers in turn challenge non-profit associations specialized in the reintegration of the unemployed, creating precarious conditions for traditional subcontractors (Béraud and Eydoux, 2009).

Germany devotes traditionally a considerable fraction of public expenditure to ALMPs (0.747% of GDP in 2007). The Hartz governance reforms have been far reaching: in contracting the private providers integration quotas were applied, as well as training vouchers for the unemployed. The private providers adopted the strategy of risk minimization and inclined to the positive pre-selection of well-equipped clients. And the quality of services provided by private actors did not increase when compared to public provides (PES) (Dingledey, 2011).

In *Switzerland* the reforms did not bring many changes in the output of activation measures. The participation rate of the unemployed in ALMPs was 25% in 2008 (SECO, 2008 in: Erhel and Sager, 2011) which is not a high number and expenditure on ALMP achieved 0.590% of GDP in 2007 (OECD, 2008) without much change compared to previous years (identical for example in 2003) and only less than 3% of social assistance recipients participated in activation (Lindenmeyer and Walker, 2010). In spite of the reforms innovation in activation is rather rare and if it appears, the least advantaged are not targeted in such measures (Ragni, 2007). This is associated with the output criteria which condition financing strongly, due to cost-cut objectives. In these circumstances the big providers of services are in the advantage since they are able of cross-financing and dominating the market. In the content of the measures the emphasis on motivation and education increased (individual deficits of labour force are in focus (Ehler and Sager, 2011)).

In the *United Kingdom* expenditures on ALMPs are traditionally low (in 2007 they amounted to 0.32% of GDP). Nevertheless, with activation programs like New Deal, many of the unemployed formerly considered as 'inactive groups' have been activated like lone mothers, disabled persons or youth. This means that the scope and coverage of the activation measures was expanded (Wright, 2011) thanks to low cost information and advice rather than to participation in ALMPs.

Italy represents the country where the emphasis on activation is rather low: in 2007 expenditure on ALMPs achieved 0.406 % of GDP. The possibility to use the European Structural Funds since 1990s opened the doors to private providers and NGOs and this has brought more variety in the measures and enabled to develop the specific measures for the specific groups of the unemployed. Still, the differences in the implementation capacity between the regions, given mainly by the capacity and performance of public administration, imply that in the Southern part of the country the activation measures remain underdeveloped in scope, variety and quality (Graziano and Raué, 2011).

In the *Czech Republic* the already existing trends towards marketization and decentralization gained more strength thanks to new resources available from ESF. The fraction of the unemployed participating in ALMP increased since 2005 to 2007 from 19% of the unemployed to 39%, nevertheless, in 2009 it dropped back to 19% while two thirds of the measures represent ESF projects: these simply substituted part of the national ALMPs. This development is mainly due to insufficient managerial and administrative capacities of the PES. Some ESF projects brought some innovation and more quality in terms of more generous financing of the measures and a combination of measures in the individual cases. During time, these advantages have become rare since ESF measures were deliberately adjusted to the standards of the existing national ALMPs.

All in all, although in some countries the reforms have led to an increasing scope of the activation policies applied, at least in support to job search and advice, the gains for the vulnerable groups of the unemployed did not appear while creaming-off effects were sometimes quite strong. Further support for the creation of permanent jobs and for educational measures and labour market training diminished in some of countries while increased in others. This is due to cost containment and contracting-out when private providers incline to risk minimizing strategy by using positive pre-selection – this allows them

cheaper activation measures to be used. In general, creaming-off and positive pre-selection was a prevailing trend. The quality of the measures did not improve in general while low-cost measures (job-search advice) clearly prevailed in some cases. Nevertheless, we still find remarkable differences between countries in the scope, coverage, variety and quality of the measures, which are – similarly as process effects - largely dependent of the financial and personal capacities.

Outcome effects

Evaluation of the outcome effects is a particularly demanding exercise. We face several limitations: often only gross effects of activation are evidenced which include considerable dead weight, and net effects were established very rarely. Experimental studies which would compare the outputs as 'net effects' before governance reforms and after were not carried in any of the countries in focus. Similarly, the studies mainly focus on job placements (direct employment effect in the short-term horizon) while not much attention was paid to employability effect, job retention and job quality.

In *Sweden*, the impact of decentralization in combination with limited marketisation has been assessed: findings documented that municipal programs for social assistance recipients did not bring much positive effects (Carling and Larsson, 2005). The probability of employment during 120 days after intervention slightly increased but disappeared during time. This indicates that these programs work rather as a threat than support. Similarly, municipal youth programs brought few positive effects. Comparison of private providers with the public providers show that private actors have better results with the employment of the immigrants while public actors with the young unemployed (Benmarker et al., 2009).

In *Finland* the reform which implemented the LAFOS network aimed at diminishing the structural unemployment by increasing employability and by applying multidimensional approach. The results however are rather disappointing in terms of labour market entry: in the long-term only about 10-11% of the participants of activation entered the labour market and 20-21% subsidized employment (Ministry of Employment and the Economy, 2008:2). The gap between labour market demands and clients' abilities remained unsolved. On the other hand

some studies documented rather positive impact of the complex approach to the clients on their well-being (Karjalainen, 2011).

In the *Netherlands* some studies document gross effects of participation in activation. Buurman (2008) refers to a study that found that 67 per cent of unemployment benefit recipients who started activation in 2004, had found a job 2 years later. For social assistance recipients, this percentage was 19 per cent. The (far more scarce) studies focusing on net effectiveness only found modest effects of activation. For example, de Groot et al. (2008) found that the probability that social assistance recipients will find a job within 1.5 years time increases with 2.5 per cent points when they are offered activation services in the first year of social assistance dependency; but when an activation offer is made after 1 year, this figure drops to 1.5 per cent points. According to this study, net effectiveness is somewhat lower with people receiving unemployment benefits. In the context of a discussion of outcome effects of marketized activation, the impact on the effectiveness of activation of the Individual Reintegration Agreements (IRO's) for unemployment benefit recipients shows that placement rates of IRO trajectories are 20-40 per cent higher than the percentages realized with regular trajectories (Schrijvershof et al., 2008). An evaluation study of the showroom experiments focused on promoting local inter-agency cooperation showed some (though not very robust) indications that these experiments reduced benefit dependence periods and reintegrated the unemployed into the labour market quicker (Ministerie SZW, 2008).

Another outcome effect relevant in the Dutch debates on the effectiveness of governance reforms, is the reduction of benefit/welfare dependency. According to the study by Kok et al. (2007) on the impact of the new financing system in social assistance in the period 2004-6, the new financing system caused a reduction of the numbers of social assistance recipients of four per cent, which amounts to 13.300 people. They expected that this percentage will rise to about 14 per cent (compared to 2003) in 2010, but actual developments due to the financial crisis proved this prospect wrong.

In *France* only recently the so-called OPP-CVE experimentation aimed at assessing and comparing the efficiency (in terms of costs and rate of return to work) of public service provision by the National Employment Agency (ANPE) and private services from new providers (like Altedia or Ingeus), subcontracting for the Unedic, called 'private providers for job placement' (OPP). For the purpose of the experimentation, the ANPE developed a new service

provision called 'on Course Towards Enterprises' (CVE) that could be compared to the services of private new providers (advisors offering a comparable service to the same number of the unemployed with similar characteristics). Within these methodological limits, the quantitative evaluation proved that the ANPE did better than private providers in terms of reintegration into employment (Béhagel et al., 2009).

In *Germany*, in spite of all the latest reforms long-term unemployment was the highest from the countries in focus in 2007: 57% without much change during last years in spite of economic growth during these years. Assessment of the evaluation of the changed regulation of the training programs (marketization) in 2006 showed some positive effects in terms of placement – nevertheless, it might be possibly due to decreased numbers of the participants and the positive pre-selection of the participants (IZA/DIW/infas, 2006). The evaluation of the governance models (this is ARGE services with services provided by municipalities and case management approach) documented that ARGE was performing better in terms of labour market integration while municipalities performed better in terms of improving employability and social integration of social assistance recipients (Institut für Wirtschaftsforschung and Institut für Angewandte Wirtschaftsforschung, 2009).

In *Switzerland*, some studies have assessed the effects of active labour-market measures on placement, however, the relation to governance structures (like the creation of Regional Education Centres or competition between suppliers) has been left unexamined. The evaluation results for different activation measures for unemployment insurance clients are mixed. The most positive effects are found for temporary subsidized employment (Lalive-d'Épinay et al., 2008.). The employment programs are only successful for specific sub-groups: they are more effective for the less well-qualified and the long-term unemployed (Gerfin et al., 2005. The success of educational measures is found to be low, with better results for women (Lalive d'Épinay and Zweimüller, 2000; Gerfin and Lechner, 2000). The results of the evaluation of activation measures for social assistance recipients and their employability are also rather negative (for an overview: Pfister, 2009).

In the *United Kingdom* official evaluation evidence concludes that initiatives such as the New Deal programs, Employment Zones and Working Neighbourhoods Pilots were successful in assisting additional benefit recipients into employment. Between 1998 and 2007, 1.8 million people entered employment from a New Deal program (NAO, 2007, p. 7). The independent

effects of programs for disadvantaged groups are difficult to establish, since at the same time a thriving economy offered job opportunities, which paid better because of minimum wages and in-work tax credits and were made more possible through help with the costs of childcare, which increased in availability (Gregg *et al.*, 2006). The results in terms of keeping a job were however more disappointing. Several longitudinal studies (Griffiths and Durking, 2007) show that sometimes half of the participants left programs without work, or repeated their claims within half a year. All in all the efforts seem to have focused on quick reentry into the labour market, without much attention to the sustainability of the jobs (Hasluck and Green, 2007).

In the *Czech Republic* ESF projects by themselves brought certain shifts in governance of activation. For this reason comparison of the placement effects between national activation measures/ALMPs and ESF projects may possibly indicate the effects of the shifts in governance. With the use of administrative data it was measured how often the participants in ALMPs and the ESF projects appeared in the registers during the twelve months after the completion of their participation in the national ALMP and the ESF projects in 2006 (i.e. an indirect measure of the employment effect) (Kulhavý and Sirovátka 2008). There appeared differences in the employment effects of various national ALMP programs: in the case of training the occurrence of unemployment immediately after participation in the program is more than 60 % and falls to approximately 30 % after 12 months. The participants of more selective and less scaled 'national' measures of job creation in private sector exhibit lower rates of unemployment (after the subsidies expire) when compared to the participants in training activities and public jobs.

The employment effects of the ESF measures (which mostly contain training programmes) were apparently better than the national vocational training in 2006 (after 12 months only about 10 % of the participants appeared in the registers). Nevertheless, analysis of the implemented measures one year later, in 2007 (Hora *et al.*, 2009), has documented a converging trend in effectiveness: after 12 months 27 % of the participants in the ESF measures were in the registers, as compared to 25 % of the participants in national vocational training programs. The decreasing relative effectiveness of the ESF measures was due to the increasing scope of the ESF measures which has reduced the significance of creaming-off in selecting the most suitable participants.

Conclusion and discussion

The assessment of the effects of governance changes in activation is difficult to make. It is not only sometimes hard to distinguish between substantial and procedural reforms, there is also the difference between the official governance reforms and the practice of their implementation that has to be taken into account. Furthermore the studies on the effects suffer from a lack of pre-reform and post-reform data: it is thus impossible to tell what the effects imply about the expected gains of the reforms. Added to this comes the fact that most studies are partial and concentrate only on some aspects of the reforms, and are accumulating data about a succession of reforms rather than about one reform: the reforms are rapidly following each other. Finally business cycles and characteristics of the unemployed persons play also a role in the established effects.

Although there are some main trends in the governance reforms such as a diminishment of the procedural governance regime, and the increase of market, corporate and network governance regimens, each country shows its own particular form of hybrid governance. This makes it hard to present comparable effects between countries. Nevertheless, with all these pitfalls in mind, we can see some patterns in the studied effects.

The outcome effects show in terms of gross job placements some positive results, but this seems to be only a superficial gain, while the net effects appear to be more disappointing, especially in terms of sustainability of jobs and in terms of the proportion of the target groups that succeeds in finding a job. Overall there seems to be a focus on quick reintegration, without delivering much effort in education or other long term investments in unemployed people. This seems to be connected to the cost containment at the one hand, and the difficulties in professional quality and case loads.

The output effects as regards the variety and quality of the services are in line with the described outcome effects. The numbers of persons reached may have been growing, but the effects of the provided services seem to vary for different groups. Some programs show better results for unemployed persons, other for social assistance recipients, but especially the most vulnerable groups are suffering from the emphasis on quick reintegration. Pre-selection of groups, resulting in creaming processes, seem to be manifest in most countries. Also the

quality of the services is not as adapted to the needs of clients as promised, while investments in qualifications and other labour market capacities are lacking. It is difficult to establish the differences between public and market actors; there are mixed results in this respect.

This pattern is translating itself in the process effects: processes of decentralisation and marketisation are aiming at a more tailor made approach of clients and at empowerment in the choice of the measures to be taken. Although some countries have developed a more individualized treatment by vouchers, individual action plans or professional case management, in most countries the governance reforms have also been accompanied by a stricter conditionality of benefits and more duties for clients. The greater attention for clients results in more client satisfaction, but it remains unclear in what ways this is also associated with effective job placements.

Taken together we may conclude that the expectations of the governance reforms are not unequivocally in favour of the reforms. This is remarkable since all the countries we studied show comparable and to some extent converging trends in activation reforms. The reasons for this discrepancy between aims and effects are not easily to detect, but implementation difficulties are one explanation, and problems with adequate financing may be another. Besides political convictions (also stimulated by the EU) can have had the upper hand in this governance reform. Anyhow, the developments in some countries seem to counteract the dominant trends in governance reforms by recentralization, by mitigating marketisation or by allowing experimentation may indicate that a process of learning is underway.

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