

European Worlds of Activation: Patterns and Challenges

Martin Heidenreich

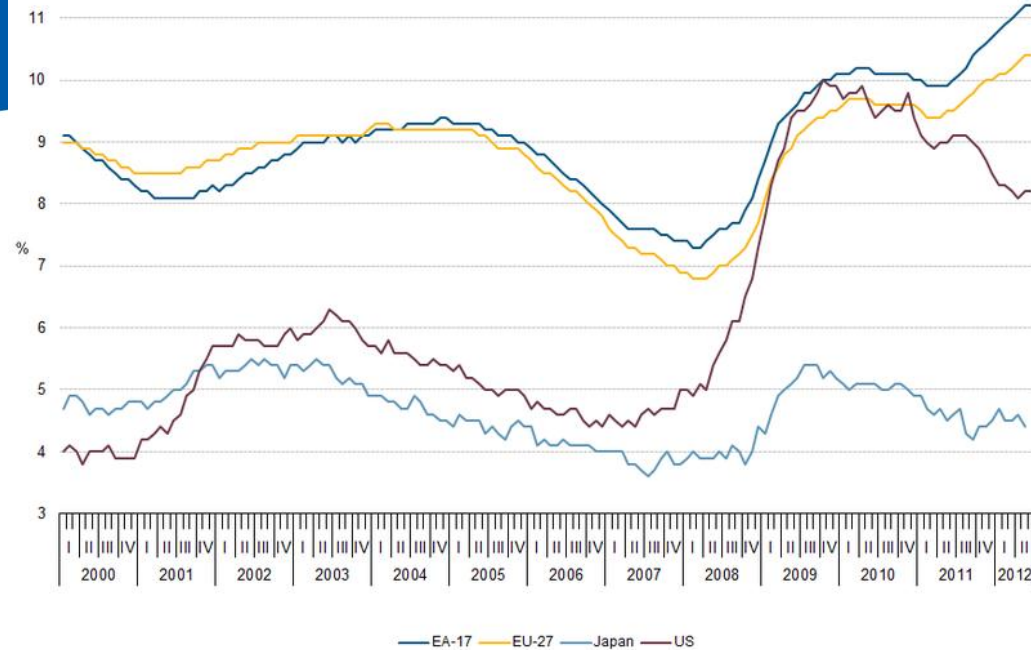
Workshop on “Integrated employment and
activation policies in a multilevel welfare system”

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1. Unemployment in the current financial and indebtedness crisis



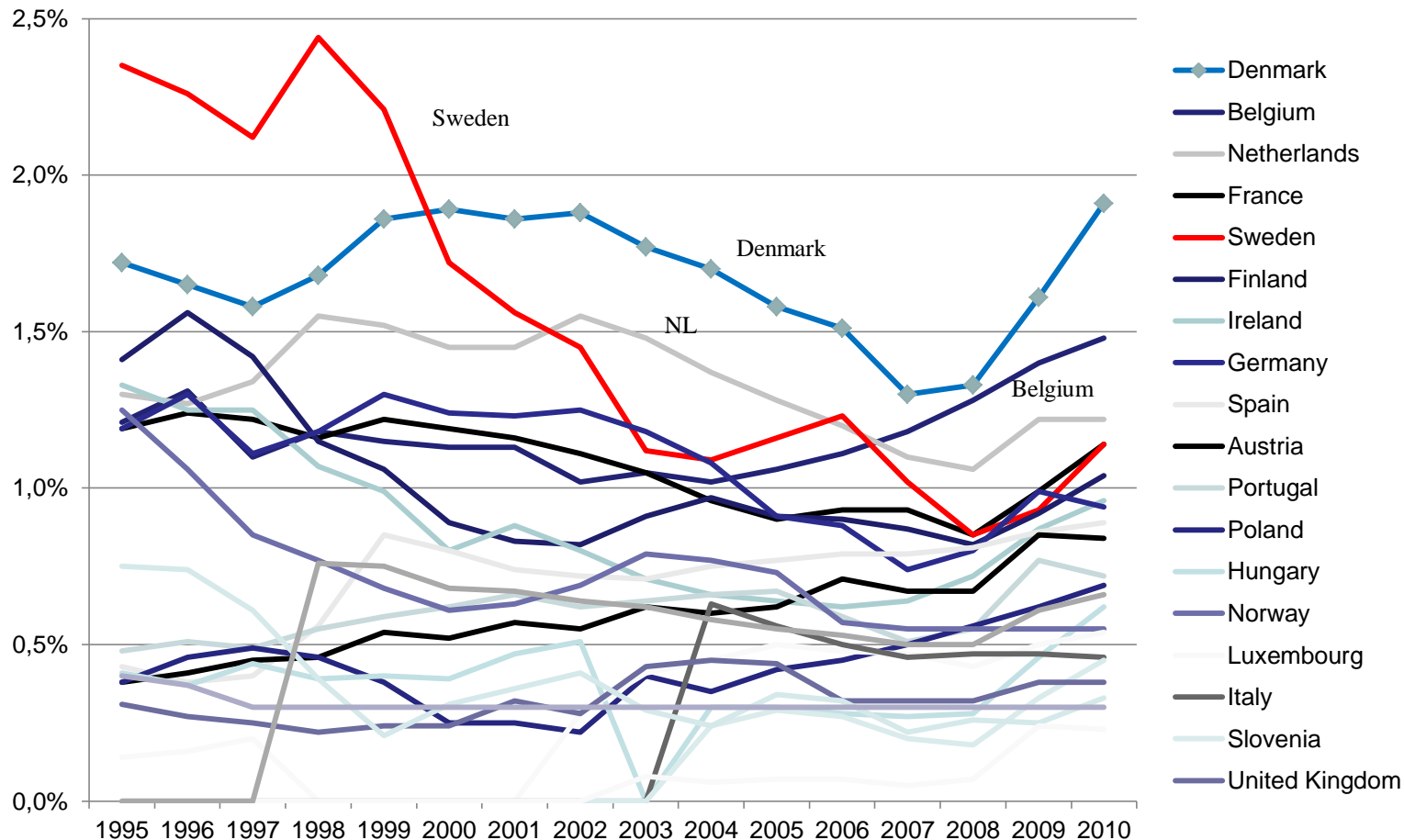
- In comparison with 2005Q1 (9.4%), still moderate increase of unemployment rates (2012Q2: 10.4 %). However: Decreasing employment rates (65.9% in 2008 to 63.6% in 2012Q1)
- Significant and increasing national and regional **disparities** (Austria: 3.8 %, NL: 4.4 % vs. Spain: 24.7 %, Greece: 21.8 %)
- High unemployment of young people, migrants and low-skilled => **Segmented labour markets**
- High and increasing share of long-term unemployed (2009Q1: 31 %; 2012Q1: 42.6 %) => **Social exclusion**

Reproduction of segmented labour markets in the current crisis („backlash“)

- On-going segmentation between insiders and outsiders, either by unemployment or precarious employment of young people, migrants, ethnic minorities, low-skilled
- Declining (relative) expenditures for active labour market policies, increased share of long-term unemployed. reduced social assistance adequacy
- In **Continental European countries** (F, D, I, BE): To some extent transformation of outsiders from unemployed to precarious employment (temporary and fixed-term employment)
- **Mediterranean countries** seem to rely more on „old-fashioned“ forms of labour market segmentation (high unemployment rates of women, migrants, younger people ...)

=> Backlash: Limited impact of more inclusive employment policies

Expenditures for ALMP (1995-2010; in % of GDP)



Decline of ALMP until 2008 and clear convergence between countries with higher and lower ALMP expenditures

2. Activation as Core of Individualised Welfare and Employment Regimes

Political evolution of European employment policies:

1. European Employment Strategy: Focus on employability

- Deregulation of labour markets, weaker employment protection legislation and more incentives to work (“make work pay”)
- Quality of work and social cohesion

2. Flexicurity

- Flexible labour markets
- Economic protection of wage earners
- Right and duty to active labour market policy

3. Activation policies – a broader concept beyond (passive) LMP and beyond training and better placement services

What is Activation? A definition

“(T)he core element of activation is the removal of options for labour market exit and unconditional benefit receipt by members of the working-age population. Through the conceptual and practical combination of demanding and enabling elements, activating labour market policies aim at **overcoming individual barriers to employment** such as lack of employability due to long-term unemployment, poor skills and personal problems.” (Eichhorst et al. 2008: 5).

Specificity of own approach

1. Services matter
2. Organisation(s) matter

2. Varieties of activation policies

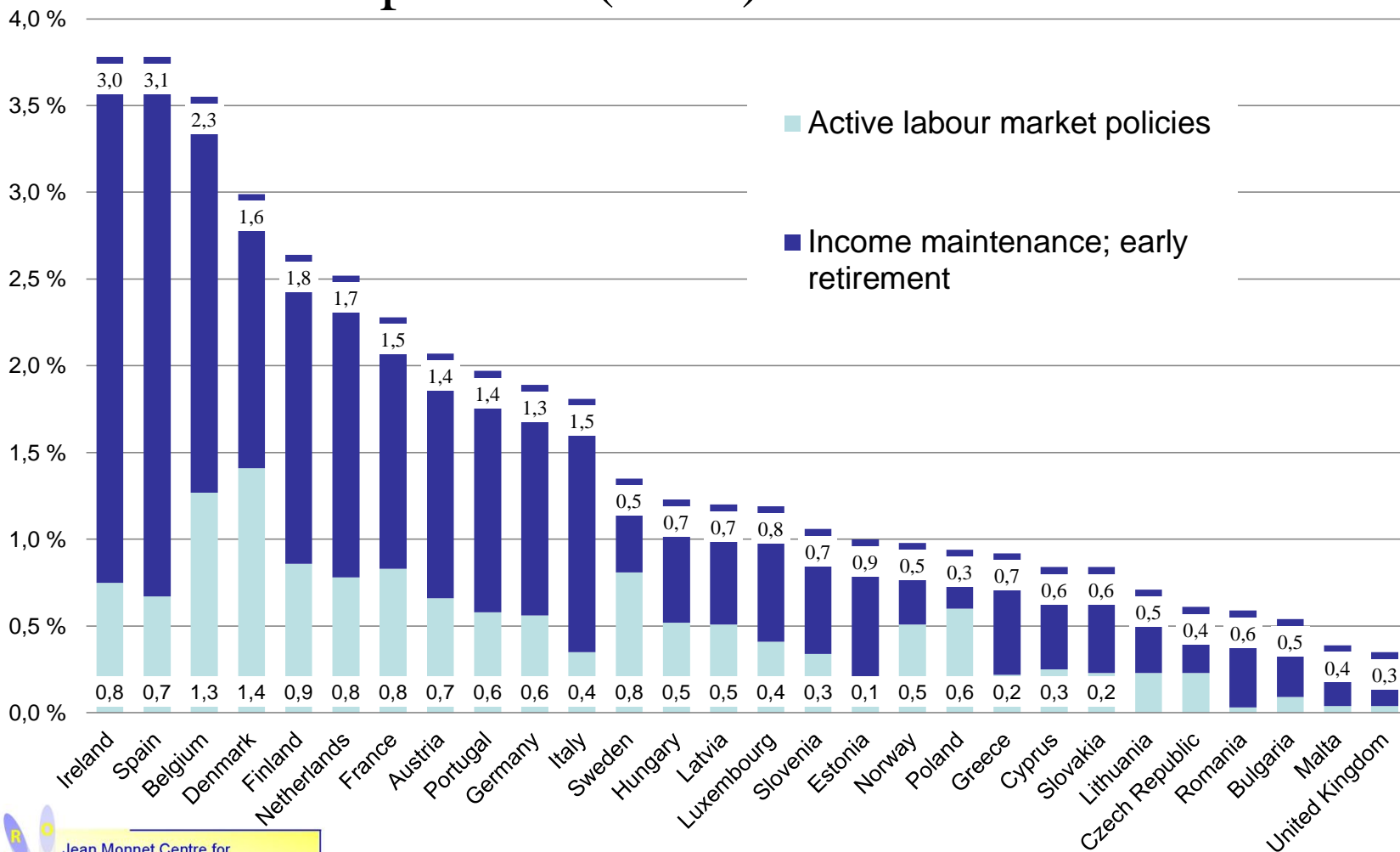
Liberal and universalistic activation policies

- Improvement of individual labour market position
- Incentives to seek employment
- Limited ALMPs
- Efficient placement services
- Short term training
- Make work pay: Tax credits, in-work benefits (Barbier).
- Complex and extended services to all citizens
- High standards of living for the assisted
- Activation for all citizens
- Employment opportunities tailored to a variety of needs and capacities
- Good quality jobs

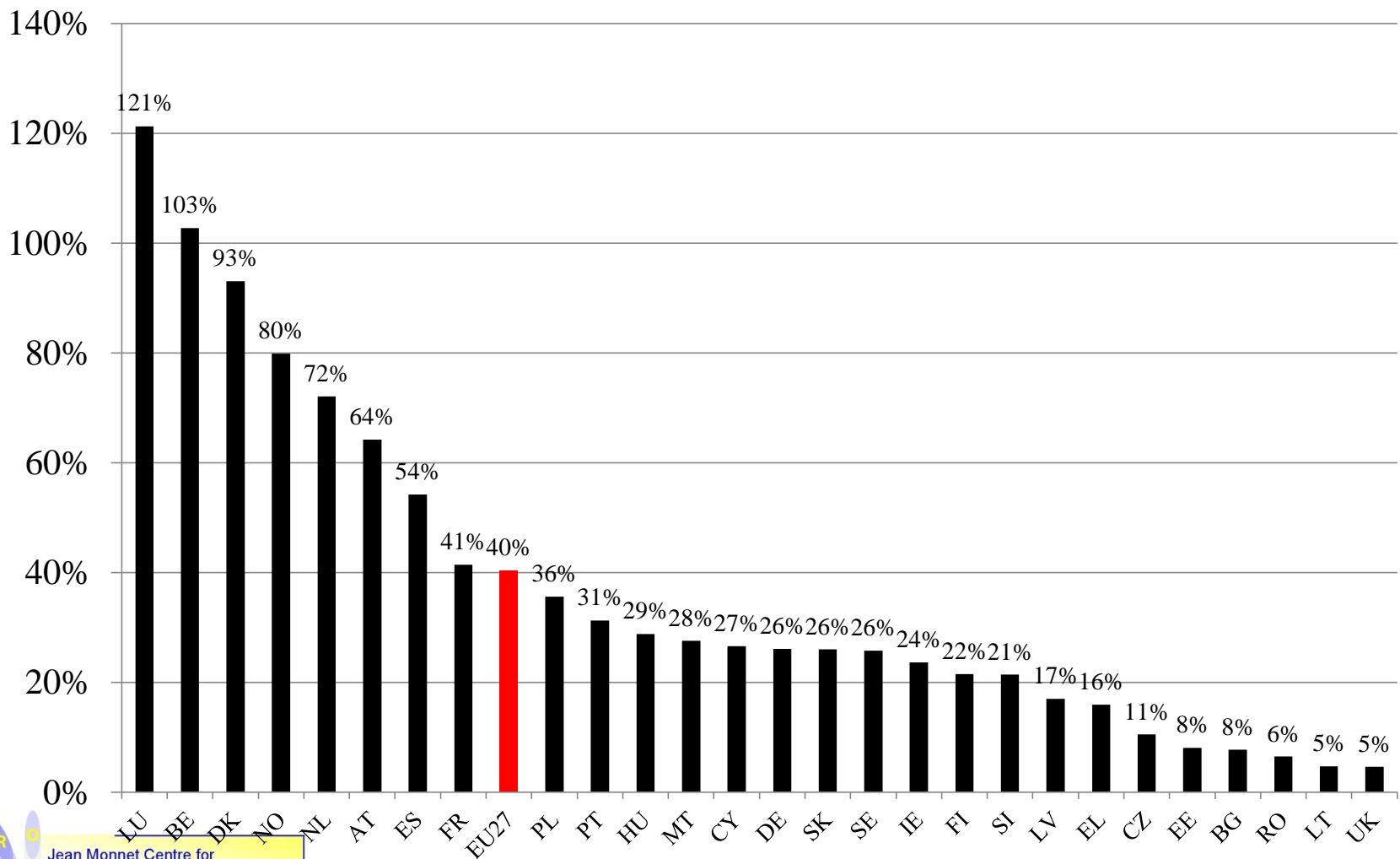
A more complex typology: Economic springboard (UK), autonomous citizens regime (Sw), civic contractualism regime (NL), minimalist disciplinary regime (PL, CZ) and fragmented provision regime (ES) (Serrano Pascual 2007)

Expenditures for active and passive labour market policies (2010)

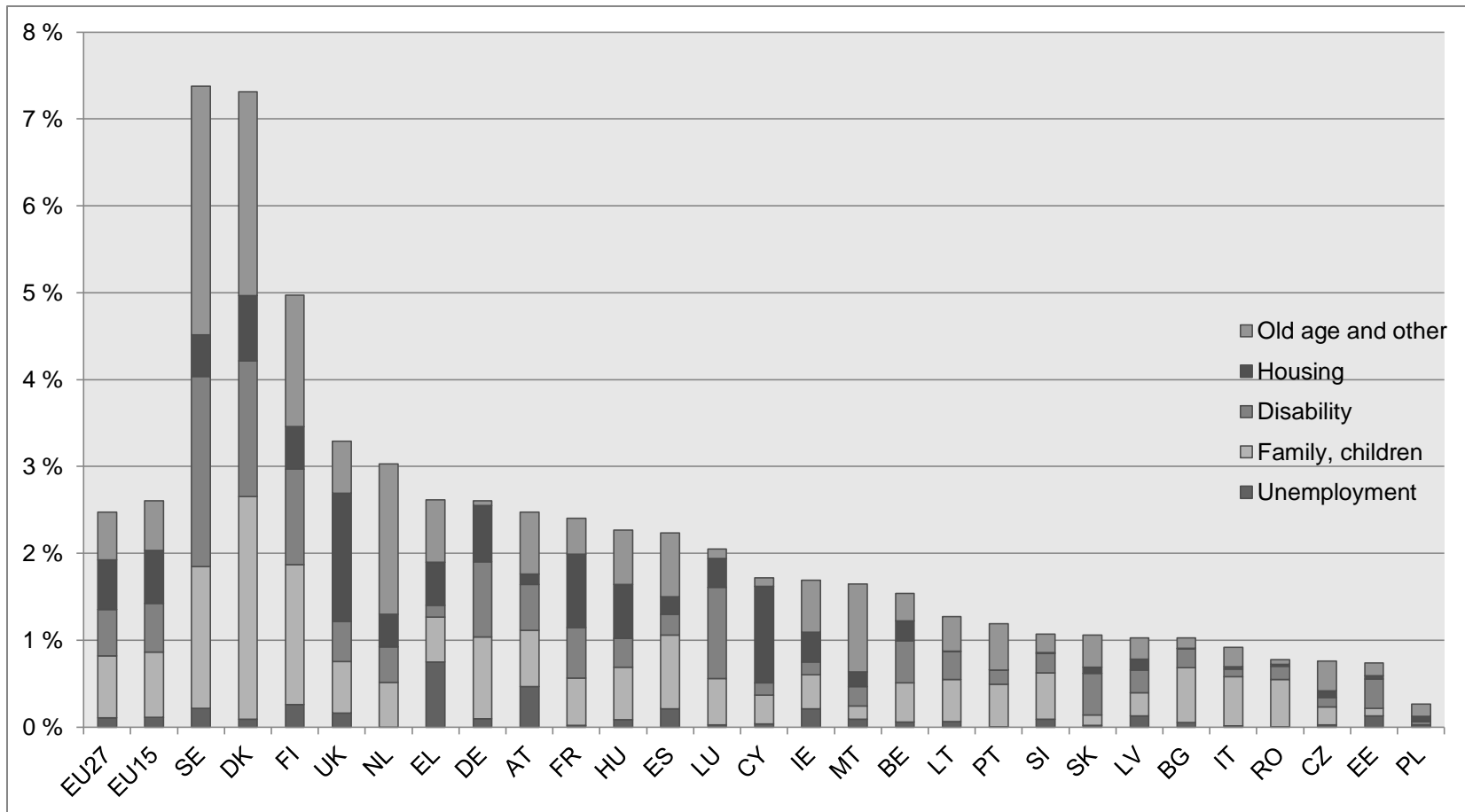
Limits of statistical analysis (e.g. UK, Belgium ...). „Active“ and „passive“ aspects of ALMP



Participants in ALMP (in % of job seekers, 2010)



Services in kind (2009, in % of GDP, without health)

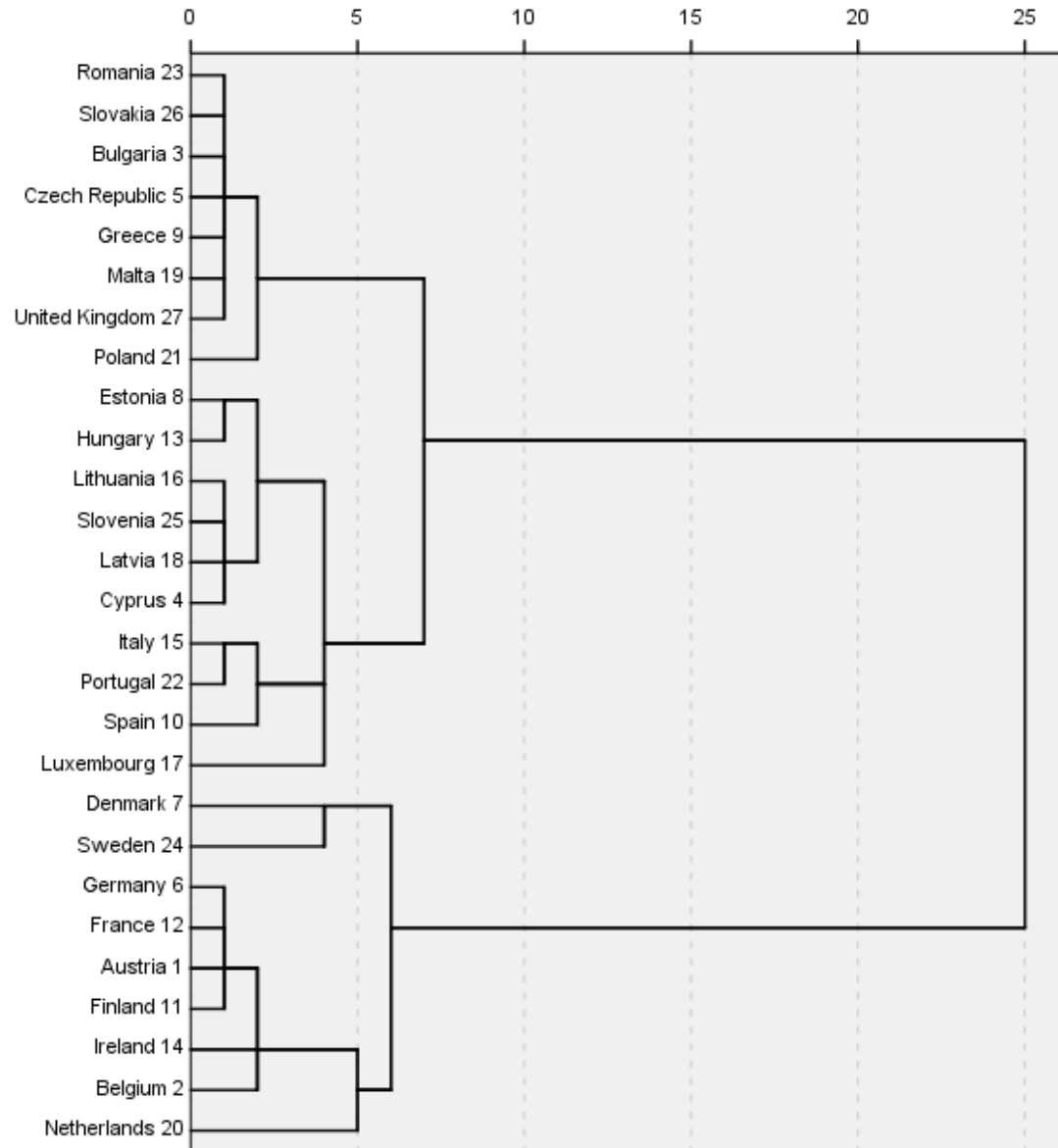


The results of a cluster analysis with 8 variables in three dimensions

1. Intensity of active and passive labour market policies
2. Investment in capabilities
3. Incentive intensity

Dendrogram using Ward Linkage

Rescaled Distance Cluster Combine



Four worlds of activation (1)

Unweighted means	Comprehensive activation	Compensatory welfare states on the move	Emerging activation regimes	Residual labour market policies
Countries	Denmark, Sweden	Belgium, Ireland, Netherlands, Finland, Germany, France, Austria	Spain, Portugal, Italy, Estonia, Latvia, Luxembourg, Hungary, Slovenia, Lithuania, Cyprus	Poland, Slovakia, Greece, Czech Republic, United Kingdom, Bulgaria, Malta, Romania
Total LMP	2.5	2.9	1.6	0.7
Active LMP	0.92	0.77	0.34	0.17
ALMPs/unemp	0.14	0.12	0.04	0.02
Passive LMP	1.23	1.86	1.16	0.45
Passive LMP/ unemployment	0.19	0.27	0.12	0.06
Education	8.0	6.1	5.5	4.7
Services	7.3	2.7	1.4	1.4
Family	3.7	2.8	2.3	1.6
Replacement	78.5	74.7	76.2	59.3
Employment	74.0	67.9	62.6	61.5
Unemployment	7.2	7.6	10.6	8.1
Youth unemploy	18.1	17.0	24.5	20.1
Long-term unemp	11.2	31.3	29.5	37.3

Four worlds of activation

- *Comprehensive activation* (DK, Sw): Highest level of ALMP, public education and social services, highest employment and replacement rates, lowest long-term unemployment rates.
- *Compensatory welfare states* on the move to more active employment policies (BE, NL, DE, F, AT, IE, FI): Above-average levels of activation, service provision, family benefits. High share for compensatory labour market policies.
- *Emerging activation regimes* (ES, PO, I, EE, LT, HU, SL, LV, CY, LU): Average expenditures for active and passive labour market policies, social services, low employment rates, high (youth) unemployment rates are high => strongly segmented labour markets.
- *Residual labour market policies* (PL, SK, EL, CZ, BG, MT, RO, UK): Low LMP expenditures, low social protection, low investments in social services, education and family. UK: Low benefits, but high education expenditures, low protection, strong pressures on benefit claimants

3. The governance of activation policies

The challenge: Integration of different actors and political levels in order to provide comprehensive services and to overcome problems of fragmentation and overlapping competencies

- Horizontal dimension: Heterogeneous social services tailored to individual needs (e.g. low qualifications, indebtedness, health, alcoholism, addiction, housing, transport and family care)
- Vertical dimension: Co-operation between municipal, regional and national agencies
- Transversal dimension: Public and private providers, beneficiaries, civil society, social partners Co-operation between public, private and third-sector actors

Essential role of social services

Social services	Sweden	Germany	Italy	Poland	United Kingdom
Activation regime	Comprehensive activation	Compensatory welfare states on the move	Emerging activation regime	Residual labour market policies	Workfare variant
Insurance or assistance benefits (“conditionality”)	unemployment insurance, activity and sickness compensation (2003), rehabilitation chain (2008)	Unemployment and social assistance benefits are oriented towards getting back to work; sanction regime for long-term unemployed (2005)	Limited conditionality through increased obligations to participate in training (Centri per l’impiego)	Negative incentive reinforcement (1992-2010)	Unemployment benefits: strict conditionality; employment and support allowance for long-term sick conditional on health: stricter tests
Job-search, placement	JOB (coaching, placement, supported employment), job guarantee for young people (2007),	MIS conditional on job search requirements (2005), case management and integration contracts for long-term (2005)	Placement steered regionally and private providers supporting job search	staff-unemployed ratio in job placement – 550:1; in job counselling – 1,244:1	Job centre plus for short-term unemployment: one of the cheapest in EU (6 minutes per interview)
Job-related training schemes	Strong decline (from 34 to 8 % of participants in ALMP), government, shift to a ‘work first approach’	Training grants, expenditures reduced in the last years, shorter training courses, no longer vocational training	Completely regionalised; training vouchers on the regional level co-financed by ESF	on-the-job trainings, apprenticeships, scholarships for continuing education, Increase of number of participants and of spending on HCI (between 2005-2009 it constituted approximately 50% of total expenditure on ALMPs except PES)	Mostly coaching (JCP and Work Programme), WP-clients cannot access some training programmes
Subsidised employment	JOB (2007), activation guarantee (2000), new start jobs (2007)	Drastically reduced in the last years, from full employment in ABM to 1-€-Jobs for selected additional occupations only	Social useful work and public utility works on the national and regional level	More tools since 2004, public works and socially useful works for vulnerable groups	No (only young people)
In-work benefits and other financial incentives	job tax deduction (2007-10)	Insertion grants; in-work benefits by MIS system	In-work benefits through the tax system	Nearly no in-work benefits	Working tax credits, very important
Additional social services (counselling, childcare, housing allowance)	Individual action plans, housing, parental benefit and child allowance	Local childcare, health services, and housing benefits for employability of long-term unemployed in the MIS-regime	Very limited provision of housing, childcare, counselling	refunds of care services, access to the poviat labour offices’ database for social workers, mandatory cooperation in certain cases	Some childcare, no housing linked to employment

Some observations

- Unemployment benefits and assistance: Stricter conditionality
- Placement services: Limited professionalisation especially in Italy and Poland.
- Training: Longer programs often replaced by coaching and shorter courses. However, high expenditures for education especially in Nordic countries, UK ...
- Subsidised employment: Clear reduction
- In-work benefits: In most countries
- Provision of social services (childcare, housing ...) in general not integrated

Five dimensions of national governance structures in providing individualised and integrated activation policies

- a) Organisational integration (“systemic coordination”): For example by reorganising employment agencies and strengthening their ability to coordinate.
- b) Interorganisational collaboration: The establishment of new forms of networking and inter-agency cooperation
- c) Marketisation (contracting out): The establishment of new forms of public-private partnerships
- d) Decentralisation: The creation of new links between the central and the local level
- e) Individualisation: Individualised forms of support and control.

Comprehensive activation. The Swedish experience

1. *Systemic coordination*: Limited integration of labour market and social services within the local administration
2. *Collaboration/networking*: Cooperation between the PES, SSIA and the municipality
3. *Marketisation*: Recently also private provision of services (coordinated by the regional level)
4. *Decentralisation*: Since 1998, municipalities were allowed to oblige social assistance claimants of national LMP (have) to participate in municipally organised activities
5. *Individualisation of interventions*: Individual Action Plans in order to increase competitiveness of the unemployed individual

Administrative Reorganisation in Germany

- Starting point: Tripartite regulation of labour market policy at the national level; social welfare provision concentrated at the local level; insider-outsider markets
- Hartz 4 (2005): Pooling of social and unemployment assistance
 - “Job-Centre philosophy”: activation of the long-term unemployed (0.9 million) and otherwise inactive beneficiaries (3.5 million) through a centrally co-ordinated one-stop shop
 - Creation of Job-Centres under the joint authority of local employment agencies and municipal services:
 - Municipal competences in the field of social welfare;
 - Employment agency’s competences in the field of labour market policies
 - Organizational boundaries and conflicts
 - New dualism between short- and long-term unemployed

Compensatory welfare states on the move: The German experience

1. *Systemic coordination*: 308 (out of 416) local jobcentres integrate municipal and PES employees responsible for placement, social services and unemployment benefit and unemployment assistance payment, (one-stop-agency)
2. *Collaboration/networking*: Coordination of other social services by private actors and NGOs (placement, training, housing, childcare, counselling ...)
3. *Marketisation* of placement and training
4. *Decentralisation*: Centrally coordinated decentralisation of competences for placement services
5. *Individualisation of interventions*: Case management, insertion contracts, profiling of the unemployed

Emerging activation regimes: The Italian experience

1. *Systemic coordination*: Division of competences national/local, different and not coordinated systems for employment and social policies
2. *Collaboration/networking*: Fragmented, depending on local issues
3. *Marketisation* of placement and training: In general no private providers. However: Voucher system in training in Lombardy
4. *Decentralisation*: Strongly decentralised, fragmented system (employment policy organized at the provincial level, social policy at the municipal level)
5. *Individualisation of interventions*: e.g. Actions for a reemployment in partnership (ARP, Lombardy 2012);

Characteristics of multi-level governance system that make difficult implementation of activation (© K.Sztandar-Sztanderska)

1. Separation of social and LMPs between 2 local levels when it comes to planning and implementation: lower and upper-local territorial units (*gmina* and *powiat*)
2. Financial system of LMPs creates no incentives for poviats to engage in activation:
 - Poviats incur majority of costs of staff and administration of poviat labour offices, whereas passive policies and other ALMPs are paid from the Labour Fund managed by the Ministry of Labour and Social Policy
 - Subsidised employment (EA & occupation) and on-the-job training (HC) can be used by local units as a way to obtain additional resources for underfunded self-governmental organisations
3. Generally bad financial situation of local units, in particular poviats
 - “Decentralisation of troubles” instead of decentralisation “of power and resources necessary to fulfil defined tasks” (Hausner 2007)
4. Divergent administrative and financial situation of poviats
 - Exceptions in terms of number of inhabitants
 - Exceptions in terms of administrative status (cities combining status of lower and upper territorial units)

Residual labour market policies: The Polish experience

1. *Systemic coordination*: Reorganisation of PES since 2004: standards for placement services and vocational counselling, new units dedicated to activation of the unemployed in Poviats Labour Offices. However, clientelism, administrative overload, and staff qualifications impede ALMPs
2. *Collaboration/networking*: No integration of services; policy fields remain separated; limited cooperation with social workers (Social Assistance Centres)
3. *Marketisation* : Private organisations and NGOs are not treated as an equal partner for administration and fill in the gaps in fields where administration is not providing satisfactory services (eg. health care).
4. *Decentralisation*: Poviats labour offices as essential actor for ALMP; Poviats pay costs for labour offices, whereas passive policies and other ALMPs are paid by the Ministry of Labour => no incentives for poviats to engage in activation; separation of social and LMP between gmina and powiat
5. *Individualisation of interventions*: Individual Action Plans since 2004, step-by-step approach towards beneficiaries; computer-based system with individual records

National experiences

- Swedish experiences: The workfare turn of a capability-oriented activation model. Governance: Still two largely unrelated worlds of employment and activation policy
- German experiences: Decentralisation und first attempts to integrate social and labour market policies as the basis of an comprehensive activation strategies. New divisions within job centres
- Italian experiences: Disparate local and regional initiatives for creating the infrastructure for ALMPs faced with an absent state
- Polish experiences: EU-supported creation of ALMPs at the start (still clientelism, administrative overload, unclear division of competences between central and local levels)
- British experiences: Efficient JCP; contracting-out of ALMPs for long-term unemployed

Communalities and differences of integrated activation

Common points

- Clear institutional separation of social and employment policy: Employment policy a prerogative of national policy, social assistance as local responsibility
- Often no systematic integration of social services in ALMPs.
Exceptions: Housing (D, F, PL), rehabilitation (SE), childcare (D, SE), training (everywhere),
- Local level often overcrowded
- Informal networks as a substitute and basis for institutionalized forms of cooperation both in bureaucratized and fragmented systems

Differences

- Clear differences between countries with well-organized, national bureaucracies (functional separation of tasks, Weberian type) and other countries (SE, D, F vs. PL, I, UK?)
- Developed national administrations (SE, DE, FR, UK vs. I, PL)
- Formal stakeholder involvement as legitimacy tool (PL, DE) vs real influence (SE)
- Privatisation of job placement (esp. in UK, but also D, DK, I ...) requires a comprehensive regulation and quality control) and often training

4. Conclusion

- The current crisis reproduces the segmentation between insiders and outsiders, either by unemployment or precarious employment of young people, migrants, ethnic minorities, low-skilled. Subordination of employment policies to macroeconomic goals.
- Need for more inclusion of people into the labour market; important role of social services for inclusion of all citizens in the labour market and the reduction of gender, age, educational and ethnic segmentation of the labour market
- Four worlds of activation: Comprehensive activation, compensatory welfare states on the move, emerging activation regimes, residual labour market policies and their workfare variant
- Governance respective organisational structures are crucial for the success of activation policies. They can be described in five dimensions: Systemic coordination; collaboration; marketisation; decentralisation; individualisation
- Often organisational de-coupling of employment and social policies due to goal conflicts, also territorially separated responsibilities, different jurisdiction or heterogeneous governance structures.
- The success of integrated activation policies is not determined by national patterns of activation. However, coexistence of residual regimes and weak organisational capacities

Thank you for your attention!