

Implementing activation: creating new services, new service provision models, new organisations

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Abstract

This paper discusses the ‘second reform wave’ in European welfare states, which is directed at reforms of the institutional arena of policy delivery and implementation. The paper focuses on the policy areas of income protection and activation of unemployed people, discussing and comparing major institutional reform programmes in these policy areas in four European countries. The comparison shows that even though the countries’ reforms may differ significantly, they share some common characteristics, which may reflect similar ways of thinking about governing the public sector, as well as similar problems experienced in the process of making welfare states more activating.

Introduction

After a ‘first wave’ of active welfare state reforms which started in the 1990s in most European countries and focused on the introduction and development of activation programmes and changes in income protection schemes, this decade has seen a ‘second wave’ of reforms in which EU countries started to restructure their service provision models, i.e. the design of the institutional arena through which income protection schemes for the unemployed (unemployment benefits, social assistance) and activation programmes are delivered. Both reform waves target different though interconnected aspects of social policies: on the one hand formal policies, i.e. the content of policy programmes and schemes, and on the other operational policies, i.e. the governance or organisation of programme implementation and service delivery (Carmel and Papadopoulos, 2003). The first reform wave has been studied and analysed by social policy researchers extensively (see, for example, Lødemel and Trickey, 2001; Goul Andersen et al., 2002; Van Berkel and Hornemann Møller, 2002; Serrano Pascual and Magnusson, 2007). These studies showed, among others, how income protection schemes were made less generous in order to introduce stronger ‘work incentives’; how activation programmes were introduced and subsequently often transformed into Work First or labour attachment programmes that were targeted at more and more subgroups of unemployed people; how eligibility for income protection increasingly became subjected to a ‘responsibility test’ and income protection and activation were integrated more and more; and how clients’ behaviour was subjected to stricter monitor practices and the use of sanctions became more common.

This paper will focus on the second wave of social policy reforms which has been studied less extensively so far, partly because they are more recent (see, among others, Considine, 2001; Sol and Westerveld, 2005; Borghi and Van Berkel, 2007). Also see the

special issues on this topic of the *International Journal of Sociology and Social Policy* (vol. 27, numbers 7/8 and 9/10) and of *Social Policy and Society* (vol. 7, number 3)). This reform wave has had considerable consequences for ‘traditional’ public welfare agencies involved in providing income protection and employment services: benefit agencies, the Public Employment Service, and the local agencies administering social assistance. Many of these agencies have to do different things nowadays than they were used to do, have to operate in different ways, need to cooperate with new actors, and are governed and managed in different ways. Most of the time, these reform processes take place gradually over a period of years, involving a series of more or less substantial changes. This paper will focus on four major reforms that have been taking place in this decade in four EU countries:

- The merger of the Benefit Agency and the Employment Service into Jobcentre Plus in the UK;
- The Hartz reforms in Germany, an extensive reform package involving significant formal and operational policy changes;
- The Structural Reform in Denmark, which involves the entire Danish public sector and includes the governance of labour-market policies;
- The SUWI reforms (SUWI stands for Structure of the Administration of Work and Income) in the Netherlands, which brought significant changes for all ‘traditional’ agencies involved in providing social security and activation for unemployed people.

Table 1 presents an overview of these reforms.

Table 1. Major institutional reforms in four European countries

Country	Reform	Year of (start of) implementation
UK	Jobcentre Plus	2002
Germany	Hartz reforms	2003-2005
Denmark	Structural reform	2007
Netherlands	SUWI	2002

Apart from more pragmatic reasons (specifically, the availability of English texts that discuss and analyse the reforms), these four countries were selected because they enable an analysis and comparison of major institutional reforms in different welfare regimes: the liberal welfare regime (UK), the corporatist welfare regime (Germany), the social-democratic welfare regime (Denmark) and a ‘hybrid’ or mixed welfare regime (Netherlands).

In the next section of this paper, the background of institutional reforms in the welfare state and the ways in which these reforms are related to substantial policy reforms will be elaborated. Then, each of the four reforms will be discussed separately. Of course, we can only do this very briefly here. Because of that, we will refer the reader to publications that discuss the reforms in more detail, and analyse them more properly than we can do here in an historical perspective. Subsequently, the reforms will be compared, and common reform trends as well as dissimilarities will be identified. We conclude with a discussion.

Reforming 'welfare' and reforming 'the state'

The two reform waves that were distinguished in the former section and could be referred to as reforming welfare and reforming the state respectively, are linked in complex ways. First of all, both reform waves seem to be based on similar beliefs on human and organisational behaviour. As LeGrand wrote : “People who finance, operate and use the welfare state are no longer assumed to be either public spirited altruists (knights) or passive recipients of state largesse (pawns); instead they are all considered to be in one way or another self-interested (knaves)” (LeGrand 1997: 149). According to Van der Veen and Trommel (1999), both formal and operational reforms of the welfare state are inspired by an incentive paradigm: individuals and organisations are seen as individualistic economic actors and should be managed accordingly. Considine (2001) pointed at the parallel between the governance of organisations and the governance of citizens as well. The notions of ‘enterprising states’ and ‘enterprising citizens’ lie at the basis of reforms of welfare and the state: “Managers, professionals, clerical workers and clients are invited to enterprise themselves according to an ideal of improvement that shifts the risk of investment and consumption down closer to the level of the individual” (Considine 2001: 8).

Public sector reforms and restructuring the provision of public services are not limited to the specific policy areas this paper focuses on, i.e. income protection for, and activation, of the unemployed. They affect the entire public sector as a result of, among others, increasing dissatisfaction with the functioning, efficiency and effectiveness of state bureaucracies, a growing trust and belief in the virtues of the market, and a neo-liberal outlook on the role of the state and of public policies (see, among others, Newman, 2001; McLaughlin et al, 2002; Pollitt and Bouckaert, 2000) and in that sense, take place independent of policy developments in specific social policy areas. Reforms of the public sector and the introduction of new models for the provision of public services have been denoted as a shift from a hierarchical,

bureaucratic form of governance to the introduction of new public management (NPM) which, according to Osborne and McLaughlin, is based on several doctrines: entrepreneurial management, standards and measures of performance, an emphasis on output controls, disaggregation and decentralisation, the introduction of competition, private sector styles of management, discipline and parsimony in resource allocation, and the separation from decision-making from managing public services (Osborne and McLaughlin 2002: 9-10). In listing the main characteristics of new public management, Osborne and McLaughlin do not refer to the role of social partnership. Nevertheless, social partnership and tripartism used to be a core characteristic of the governance of the political economies of many, especially continental, European countries (Streeck and Hassel, 2003). With respect to the policy areas that are discussed in this paper, this was reflected in the participation of social partners in policy-making and policy implementation processes where social insurance and labour-market policies were concerned. As will be elaborated below, social partnership is one of the issues at stake in governance reforms of social security and employment policies.

Although the institutional reforms in the areas of income protection and activation policies are partly motivated by wider concerns regarding the functioning of the public sector as a whole, we can also identify more policy-area specific motives for institutional change. The following examples may clarify that.

Firstly, the shift from income protection to activation as the core objective of policy interventions targeted at unemployed people – which characterises the ‘activation’ of welfare arrangements – implies that the agencies involved in the provision of services for the unemployed have to change their ‘core business’ and to introduce new technologies. Whereas providing income protection services requires “‘people-sustaining’ activities, that are designed to maintain the well-being of clients without attempting to change their personal attributes”, activation calls for “‘people-changing’ or transforming services that are designed to alter the personal attributes, motivation, and behaviours of clients” (Meyers et al., 1998: p. 9). One of the issues arising in this context is, whether rule-oriented modes of implementation – for example, by developing precise rules regarding what activation offers should be made to what categories of unemployed people – are adequate given the nature of activation processes. In other words, the provision of activation services may require other forms of governance and management than the administration of income protection programmes (Jewell, 2007; Van Berkel and Borghi, 2008a).

Secondly, even though the process of ‘activating’ welfare states takes different shapes in different countries (Dingeldey, 2007), a stronger integration of income protection and activation programmes, and an increased conditionality of entitlements to income support, are more or less universal trends in welfare state reforms. In terms of the institutional design of providing income protection and activation, this is seen as requiring more cooperation between, and coordination of the activities of the agencies responsible for income protection and activation programmes (cf. Lindsay and McQuaid, 2008).

Thirdly, many countries have experienced difficulties in activating the non-insured or, more specifically, the long-term unemployed (Van Berkel and Hornemann Møller, 2004). Various institutional reforms have been proposed to improve the adequacy and effectiveness of activation targeted at the long-term unemployed. For example, activation services for the insured and uninsured, and for the short-term and long-term unemployed, should be less fragmented, in order to tailor services to the needs of the unemployed rather than make them dependent on their formal status in terms of the type of income protection scheme they receive. Furthermore, as promoting the activation of groups of long-term unemployed not only asks for activation services but for other social services, often provided by municipalities or other (local) agents, as well, cooperation and service integration beyond the domains of activation and income protection is considered necessary (cf. Genova, 2008).

Fourthly, it is generally considered to contribute to the successfulness of activation interventions when these can be tailored to individual and local needs (cf. Van Berkel and Valkenburg, 2007). In order to individualise services and make them more flexible, it is considered necessary to introduce decentralisation and to devolve policy making and implementation authority in order to give local agencies and local authorities more room in developing activation interventions and in deciding what services should be provided in what cases. At the same time, governments as well as agency managers may be reluctant to devolve responsibilities, as it reduces their power and control over what happens at lower levels and may be seen as jeopardising the realisation of national policy objectives. This may trigger the introduction of new public management instruments aimed at steering and controlling the conduct of agencies and actors involved in the provision of services in a decentralised context.

A final example concerns the issues of effectiveness and efficiency, which are so dominant in public sector reforms, and are also relevant in the context of activation and employment services. Under bureaucratic modes of governance, so it is argued, there is little concern for whether activation services are provided in an efficient and effective way. For example, unemployed people who would be able to find a job themselves might be enrolled in

activation programmes they do not need (deadweight), whereas unemployed people most in need of activation support are excluded from services. Of course, the issues of efficiency and effectiveness relate directly to what are considered as the objectives of activation. Whereas in a human resources or social inclusion approach to activation training and education are considered to be effective and efficient instruments to realise sustainable labour-market participation, these activation instruments may be seen as inefficient and ineffective in a labour-market attachment or workfare approach in which efficiency and effectiveness are mainly assessed in terms of the contribution of activation to shortening periods of benefit dependency (cf. Lødemel and Trickey, 2001; Sirovátka, 2007).

In his study of the public management of welfare-to-work, Considine (2001) developed a typology of four governance models: procedural governance, corporate governance, market governance and network governance. Procedural governance refers to ‘traditional’ hierarchical public management. Corporate governance and market governance more or less represent the new public management style of governance (see above). Corporate governance refers to attempts to manage public agencies like private organisations by separating service delivery agencies from ministerial departments and by introducing instruments such as management by objectives, contractualism between principals and agents, performance indicators and performance monitoring. Market governance implies the introduction of competition and quasi-markets in the provision of publicly funded social services. The fourth governance model that Considine distinguished is network governance, which contains two ‘sub-models’. The first sub-model includes the social partnership mentioned before, where organised interests (trade unions and employers’ organisations) are involved in policy-making and policy implementation processes. Together with procedural governance, this could be seen as a ‘pre-NPM’ governance model. The second sub-model refers to processes of networking, co-production, co-operation and co-financing in service provision that involves a variety of public and private organisations and agencies, as well as citizens and clients. Depending on the definition of NPM one adopts, this governance model is a variety of NPM or a kind of ‘post-NPM’ type of governance (Christensen et al. 2007).

We will now proceed to discuss the four major institutional reforms mentioned in table 1.

Major institutional reforms in four EU countries

Germany

Compared to the other three countries, the German first and second wave of social policy reforms are most difficult to separate in time, as the Hartz reforms included both types of reforms. One of the reasons for this is that Germany is generally considered to be a 'late reformer' (cf. Seeleib-Kaiser and Fleckenstein, 2007). Even though activation reforms have been taking place in Germany during the 1990s (for an overview, see Ebbinghaus and Eichhorst, 2007), at the beginning of this century Germany experienced a more urgent need for more radical formal policy reforms than the other three countries, that had already introduced considerable reforms in the 1980s and 1990s.

Before the Hartz reforms were implemented, the German social security system for unemployed people was more differentiated than those in the other countries. Germany had a wage-related unemployment benefit system, a wage-related and means-tested unemployment assistance system, and social assistance. The unemployment assistance system provided income support for unemployed people who exhausted their unemployment benefit entitlements. Social assistance was a safety net targeted at people who were not entitled to unemployment benefits nor unemployment assistance. It could also be a supplementary income provision for people whose income from unemployment benefit or assistance was too low (Finn et al., 2005).

Both unemployment benefits and unemployment assistance were administered by the same agency, the Federal Employment Agency. This agency was also responsible for the activation of unemployment benefit and assistance recipients: income provision and activation were integrated. Already in 1998, local offices of the Federal Employment Agency gained significant autonomy in implementing activation as a consequence of a decentralisation process through which a variety of activation measures were integrated into one reintegration budget. This budget gave local offices more room in deciding about the mix of measures that would be available, and in addition provided room for the development of innovative measures (Mosley, 2005). Before the Hartz reforms, municipalities were responsible for administering social assistance payments, which consisted of two parts in Germany: income provision and an allowance for housing and heating costs. Municipalities were expected to refer those social assistance recipients who were able to work to the local office of the Federal Employment Agency for activation. However, as the Federal Employment Agency prioritised its 'own' clients, many municipalities started developing activation programmes for social assistance recipients (Finn et al., 2005).

As was mentioned before, the Hartz reforms combined formal (substantial) and operational (organisational) policy reforms. One of the most important and radical formal policy reforms was the integration of unemployment assistance and social assistance for the unemployed who are able to work into one benefit system, unemployment benefit II. This new benefit is administered by the Federal Employment Agency, and is funded by the federal government. Municipalities remain responsible for social assistance recipients who are unable to work, as well as for the payment of housing and heating costs of recipients of unemployment benefit II. In addition, municipalities provide additional reintegration and social services for, among others, people with drug or alcohol problems, debts and family problems (Ebbinghaus and Eichhorst, 2007). Thus, a proportion of the unemployed who receive income and activation services from the Federal Employment Agency, still rely on income or social services provided by the municipalities. In order to streamline service provision for unemployment benefit II recipients, the local Job Centre (which is the new name for the local offices of the Federal Employment Agency) consists of two parts: the Service Centre of the Federal Employment Agency, and the so-called ARGE in which the Federal Employment Agency and the municipality join services in order to create a one-stop-shop for the long-term unemployed. Besides this 'mainstream' model, 69 municipalities work with an alternative model, in which the municipality is responsible for the provision of income, activation and social services for the long-term unemployed (Finn et al., 2005; Ebbinghaus and Eichhorst, 2007).

One of the main targets of the Hartz reforms was the functioning of the Federal Employment Agency, which was considered to be inefficient, ineffective and too bureaucratic. The Hartz Commission considered traditional corporatist governance of the Agency to be one of the main reasons for this (Ebbinghaus and Eichhorst, 2007). Because of that, the role of social partners in the post-Hartz Agency was reduced: their direct executive influence was curtailed. Instead, social partners are now represented in a tripartite supervisory board. Another 'instrument' that was proposed in order to improve the effectiveness and efficiency of activation was the increased use of competition in service provision. In itself, the involvement of external providers of services is not new, as already in the pre-Hartz period, extensive use was made of services delivered by external (training) agencies. However, many of these agencies were under control of the social partners. The Hartz reforms introduced more pronounced quasi-market mechanisms into the German service provision model, among others, through the use of so-called placement and training vouchers (Konle-Seidl, 2005;

Bruttel, 2005). Finally, new public management tools have been introduced in the Federal Employment Agency. For example, the Ministry concludes performance agreements with the Agency, and local offices have to realise specified quantitative goals. Another example is that the Agency has to pay an amount of approximately 10.000 euros to the federal government for each unemployment benefit I recipient that is transferred to unemployment benefit II (Ebbinghaus and Eichhorst, 2007).

United Kingdom

Contrary to many continental countries, the UK does not have a wage-related unemployment benefit system. Instead, it has a flat-rate unemployment benefit which was integrated with British social assistance (Income Support) in 1996 into the Jobseekers' Allowance (JSA). This Allowance consists of two parts: a flat-rate contribution-based JSA for a maximum period of 6 months, and an income-based, means tested JSA which is not limited in duration. A majority of unemployed people receiving JSA are dependent on the income-based JSA: 72% in 2005 (Clasen, 2007). Another striking difference with many other European countries considers the administration of unemployment benefits (contribution-based JSA) and social assistance (income-based JSA): social partners and municipalities are not involved, and the administration is fully under national government control. Municipalities do have a role, however, in the administration of other forms of financial support, such as housing benefit and council tax benefit (Clasen, 2007).

As far as activation is concerned, a process of modernising Employment Services in the 1970s established a network of local Job Centres and separated benefit administration from employment assistance (Finn et al., 2005). Social partners were represented in the tripartite Manpower Services Commission, which supervised the process of building the Jobcentre network and a training system. Finn (2005) points out that this Commission was one of the first public agencies that would make extensive use of contracting out service provision to public, private and voluntary agencies. Both the corporatist nature of governing employment services and the separation of benefit administration and activation started to change in the late 1980s (Finn et al., 2005). The MSC was abolished, and the responsibility for the delivery of training programmes privatised. In addition, coordination of the Employment Service and Benefit Agency, which were transformed into so-called 'Next Steps' agencies and became subject to NPM styles of management (Considine, 2001), was gradually strengthened. This process was accelerated when after the introduction of the JSA in 1996, pilots were started that established one-stop-shops where the services provided by the

Job Centres, the Benefit Agency and the municipalities were brought together. These so-called One pilots eventually turned out to be the predecessors of the Jobcentre Plus that was established in 2002, though municipalities were left outside: the Jobcentre Plus integrated the services provided by the Jobcentres and the Benefit Agency and, thus, merged income provision and activation for unemployed people of working age who are able to work (Finn et al., 2005).

As mentioned before, municipalities do not have a role in the administration of JSA. They are involved, however, in implementing activation, especially through their participation in local partnerships through which local Jobcentre Plus organises and provides employment services (Clasen, 2007). In general, activation in the UK has been more centralised than in many other EU countries, although local discretion has been enlarged in order to tailor service provision (Turok, 2005).

Although all four countries have seen the introduction of New Public Management in the management of public institutions, this development is most pronounced in the UK (cf. Caulfield, 2004). For example, each Jobcentre Plus has to reach a certain number of points that can be gained by supporting people in finding a job. For various subgroups of unemployed people, a different number of points is awarded, in order to avoid a situation in which only the unemployed who are most ready to work are being served (Pendleton, 2006). Other performance indicators include customer service towards clients and employers, and business delivery performance, which focuses on the efficiency and effectiveness of service delivery (Karagiannaki, 2007).

Denmark

Denmark has a two-tiered system of income protection for the unemployed: unemployment insurance and social assistance. The unemployment funds which administer unemployment insurance are independent from government, although they are supervised by the Ministry. The funds, often closely connected to the trade unions, are governed by a board elected by their members. Unemployed people who are not or no longer entitled to unemployment benefits, may claim means-tested social assistance which is administered by the municipalities. Since 2001, both unemployment insurance and social assistance are the responsibility of the Ministry of Employment: until then, social assistance used to be the responsibility of the Ministry of Social Affairs. Up until the introduction of the 'structural reform' of 2007, the two-tier income protection system for unemployed people was also reflected in the way in which activation services for both groups were organised. The Public

Employment Service was responsible for the activation of the insured unemployed. Characteristic for the governance of the Danish PES was the strong involvement of social partners: the Danish variety of corporatism involved social partners in drafting legislation as well as in implementation (Madsen, 2007). At the national level, they were represented in the National Labour Market Council which was consulted by the Ministry in determining national and regional targets and results. In addition, there were 14 tripartite regional Labour Market Councils which, since 1994, had larger budgets for, and increased autonomy in, deciding about regional labour market and activation policies. New public management has been introduced in Denmark as well: the regional PES negotiates yearly with the Ministry about objectives and targets, which are very specific and monitored rigorously (Hendeliowitz and Bastlund Woollhead, 2005), though the regional PES has large discretion in deciding how to reach these objectives and targets (Madsen, 2007). Since 2001, private providers (in Denmark referred to as 'other actors') can be contracted for activation services (Hendeliowitz and Bastlund Woollhead, 2005), although the PES itself remains an important provider as well. Interestingly, trade unions and unemployment funds are important private providers of activation services (Bredgaard and Larsen, 2008). As far as social assistance recipients are concerned, the municipalities were responsible for the activation of social assistance recipients who are considered able to work. Danish social assistance is jointly financed by the state and the municipalities. At the local level, social coordination committees exist with representatives from, among others, the PES, the municipalities and the social partners. These committees exchange information and coordinate activities aimed at preventing unemployment and promoting labour-market participation (Madsen, 2007).

The Structural Reform of 2007 affected the governance of employment and activation policies, but had a far broader scope, involving the entire Danish public sector. Hendeliowitz and Bastlund Woollhead (2005: 134) list the objectives of the reforms, which include decentralisation, improving the accessibility of public services, facilitating the implementation of national policies and more efficiency. As a consequence of the reforms, the number of municipalities is reduced from 271 to about 100, and the number of regions from 14 to 5. The regions still have a tripartite regional Council (now called Employment Council), but their responsibilities are mainly advice and monitoring, so that the influence of social partners has been reduced, as they lost their influence on decisions regarding the allocation of resources to activation measures (Madsen, 2007). At local level, Job Centres are established which function as one-stop-shops for the services provided by the PES and the municipalities,

although the financing and administration of social assistance and unemployment benefits are not integrated, and the Centres will be populated by two categories of staff: those employed by the PES and those employed by the municipalities. Thus, the Job Centres and the co-location of services from PES and municipalities will primarily promote coordination and cooperation in the area of activation policies. Ten municipalities will experiment with an alternative system, in which the municipalities are fully responsible for all unemployed in their community (Madsen, 2007). This is a more radical experiment than the German one, where the 69 pilot municipalities are only responsible for the long-term unemployed.

The Netherlands

Like Denmark, the Netherlands has a two-tier system of income protection for unemployed people: unemployment insurance and social assistance for unemployed people who are not entitled to unemployment insurance and who have insufficient income from other household members or wealth. Social assistance as well as the activation of social assistance recipients are administered by the municipalities and funded by national government, though national funding is budgeted since 2004 when a new Social Assistance Act was introduced (Van Berkel, 2006). For most of the post-war period, the administration of Dutch unemployment insurance (as well as other employees' insurance schemes) was the responsibility of sectoral trade associations, governed by the social partners, who delegated administrative tasks to administration offices. These sectoral trade associations were supervised by a national tripartite social insurance council. During the 1990s, however, successive governments started to reduce the dominant role of social partners in the administration of social insurance schemes. One of the main reasons was, that social partners were held responsible for the enormous increase of the numbers of social insurance claimants, especially of disability insurance which was used as a relatively generous labour-market exit route frequently. The process of dismantling the corporatist administration of social insurance (Van der Veen, 2002) was completed in 2002, with the implementation of the SUWI reform (Structure for the Administration of Work and Income). In that year, the UWV (Administrative Agency for Employees' Insurance) was established. The only role left for social partners is their representation (together with municipalities) in a national advisory council, the Council for Work and Income. The Social Insurance Council had already been abolished in the 1990s. An independent institute, the Inspection for Work and Income, is now responsible for monitoring the UWV, municipalities and the Centres for Work and Income (see below) and reports to the Ministry.

SUWI not only brought a new administration agency for social insurance, it also introduced competition and marketisation in the provision of activation services (Van Berkel and Van der Aa, 2005) and put an end to the provision of activation by the Public Employment Service. The PES department that used to provide activation was privatised; eventually, it would not be able to survive in the market. Initially, both the benefit agency and the municipalities were obliged to spend most of their activation budgets on the market, which is dominated by private for-profit organisations. This obligation was abolished for the municipalities, however, after the introduction of the new Social Assistance Act of 2004, which increased policy and financial responsibilities for the municipalities. For the UWV, the situation remained unchanged.

The remaining parts of the PES organisation were reorganised into a national network of local Centres for Work and Income. These Centres are the gateway to Dutch social security for the unemployed: they provide work intake interviews (focused on determining the labour-market distance of benefit claimants), income intake interviews (focused on collecting the information that the UWV and municipalities need to determine income support eligibility), and activation for the easiest to reintegrate unemployed during the first 6 months of benefit or social assistance dependency. CWI activation mainly consists of job mediation; CWI does not purchase activation services from private providers (Schils, 2007). There is no role for social partners in the management of CWI: the involvement of social partners in PES governance was abolished in the 1990s.

Both UWV and CWI are independent agencies: they are no ministerial departments, although they operate under ministerial supervision. Yearly, the ministry negotiates with the agencies about budgets and performance indicators. Performance indicators include norms on a variety of objectives, such as: placement rates; timely processing of benefit claims; prevention, i.e. the proportion of benefit claims that do not result in actual benefit dependency; client satisfaction. As far as the municipalities are concerned, the main steering instrument is the budgeting of financial resources for social assistance payments and activation. This provides a strong incentive for municipalities to reduce social assistance dependency, by strengthening the gate-keeper function and by promoting social assistance exits (Van Berkel, 2006).

Comparing institutional reforms in four welfare states

When we compare the institutional reforms that were discussed in the former section, we find common trends as well as differences in the ways in which the four countries have

reorganised the institutional arena through which income protection schemes and activation services for the unemployed are delivered.

First of all, all countries have created one-stop agencies that should promote more integration of income protection and activation on the one hand, and decrease strictly separated service provision for the insured and uninsured unemployed on the other: Jobcentre Plus in the UK, Job Centres in Germany and Denmark, and the Centres for Work and Income in the Netherlands. The status and responsibilities of these agencies differ, however. The Netherlands and Denmark left their two-tier income protection systems intact, continuing an administration structure in which there are separate agencies for the administration of unemployment insurance and social assistance. The Dutch CWI has no responsibilities in benefit or social assistance administration, and only a limited task in activation: the activation of people who are unemployed for more than 6 months is the responsibility of the agency from which they receive income support (UWV or municipalities). The Danish Job Centres are mainly focused on activation, not at income protection which remains the responsibility of the Insurance Funds and municipalities respectively. The provision of activation services for all unemployed is co-located in the Job Centres, but the Centres are divided into two sections, one for the insured under responsibility of the state, and one for the non-insured under responsibility of the municipalities. Full integration of income protection and activation for all unemployed is only achieved in the ten pilot municipalities. The situation is different in the UK and Germany, as these countries also reformed their income protection systems. Already in 1996, the UK integrated its contribution based benefit and means-tested income support; in Germany, the Hartz reforms created a situation in which the two benefit systems for the unemployed are administered by a single agency. After the introduction of Jobcentre Plus, the UK has one agency responsible for the activation and income protection of all unemployed. The German situation is more complicated, as German Job Centres – like the Danish ones – are divided into two sections: the Federal Employment Agency's Service Centres for the short-term unemployed (i.e., recipients of unemployment benefit I), and the ARGE, under joint responsibility of the Employment Agency and the municipalities, for the long-term unemployed (i.e., recipients of unemployment benefit II).

Secondly, all countries introduced decentralisation, specifically in the area of activation, in order to promote service provision tailored and adapted to local and individual circumstances. Various forms of decentralisation can be distinguished, for example, increased room for regional and local offices of national agencies in implementing activation programmes, as is the case in Denmark and Germany. Another form of decentralisation is the

devolution of policy authority to municipalities, of which the 2004 Social Assistance Act in the Netherlands is an example. A final form of decentralisation is the promotion of local partnerships in the provision of services for the unemployed. It should be noted, that the role of municipalities in the four countries is different. Danish and Dutch municipalities are responsible for the income protection of the non-insured unemployed, and play a leading role in organising activation as well as additional social services for social assistance recipients. German and British municipalities are responsible for additional income support only; in addition, they have an important role in providing social services. In the UK, municipalities participate in local partnerships and supply services, but the leading role lies with Jobcentre Plus. In Germany, municipalities share responsibility for the activation of the long-term unemployed with the Federal Employment Agency, with the exception of the 69 experimental municipalities that have full responsibility.

A third common trend in the four countries is the introduction of out-sourcing and quasi-markets in the provision of activation services. The UK started this process well before the introduction of Jobcentre Plus, contracting a variety of public and private actors. In the other countries, quasi-markets for activation services are a more recent phenomenon, and the reforms discussed in this paper were intended to strengthen the role of markets in service provision. The Dutch SUWI reforms represented the most radical form of marketisation, as they obliged the benefit agency and the municipalities to contract private companies for the provision of most activation services. In the other countries, mixed service provision models exist: part of the services are produced in-house, part are contracted. More recent developments have weakened the marketised character of the activation of Dutch social assistance recipients, as municipalities are now free to decide whether they want to make use of private providers or not.

A fourth common trend in all countries is a decrease of the involvement of social partners in the administration of social insurance and in employment services. The UK excluded the trade unions from the management of employment services in the 1980s already; social partners were not involved in the administration of social insurance, contrary to the other countries. In those countries, the reforms discussed before implied a significant loss of influence of social partners, especially in Germany and the Netherlands. In both countries, social partners were blamed for 'using' social security as a labour-market exit strategy, and for impeding reforms aimed at making welfare states more activating. In Denmark, the decrease of influence of social partners concerned labour-market policies only: trade unions still play an important role in the insurance funds.

Finally, new public management is now a core characteristic of the ways in which national agencies in the four countries are managed. They are de-coupled from the ministries that supervise them, and steered through contracts between the agencies and the ministries that define the targets and performance levels that the agencies are expected to realise. Decreasing the role of social partners has also contributed to a more managerial style of governing activation and income protection.

Conclusions

The four countries discussed in this paper have witnessed major reforms of the institutional arena for the provision of income provision and activation services. In all four countries, these reforms were part of a much broader process of redesigning and reforming the public sector. At the same time, the reforms discussed in this paper also intended to deal with challenges and problems more specifically related to the transformation of 'passive' into 'active' welfare states. Whereas hierarchical, bureaucratic modes of governance may be adequate for organising the administration of income protection programmes, they are problematic for the provision of services that are difficult to standardise and require individualisation and flexibility. That is also reflected in the reform processes discussed here, which were mainly targeted at redesigning the provision of activation and employment services. Of course, these reforms affected benefit agencies as well, but primarily because these agencies often share responsibilities for the activation of their clients, and because the increasing conditionality of income provision is seen as requiring more coordination between benefit administration and activation.

In terms of Considine's typology of governance models, it is clear that procedural governance has lost its dominant position. At the same time, contrary to the expectations (and hopes) of those who predicted the end of the old public administration, procedures and regulations are still of importance. Not only in the administration of income protection schemes, where regulations and procedures will probably continue to play an important role in decision-making processes, but also in activation. There is no straight-forward answer to the question what type of governance has replaced procedural governance as the dominant mode of governance. The reform processes reveal a development towards a hybrid governance model, rather than the substitution of one dominant type of governance by another. The managerial style of governing national agencies reflects the rise of corporate governance; the introduction of markets for the provision of activation services shows the emergence of market governance; and the emphasis in service provision on local partnerships

and strategic cooperation between local actors reveals the development of network governance, although relations between local actors may be based on co-operation and co-production as well as on competition. But even though it may be impossible to identify a new dominant mode of governance, the search for more effectiveness and efficiency of service provision processes seems to be one of the core drivers for institutional reforms.

At the end of this paper, two of its limitations should be mentioned. This paper focused on systemic changes only, without paying attention to how these reforms are practically implemented. The implementation of these reforms is a long-term, time-consuming and complex process, and demands a lot of the willingness and capacity to change of the agencies involved, as well as of the people working in those agencies. Because of its focus on systemic change, this paper only tells the ‘official’ story, which may be quite different from what new governance models look like in practice, as research of the implementation of new modes of governance has shown. So although this paper tells us something about change as intended, additional research is needed to find out how the reforms actually change the way in which services are being provided. A second limitation is, that the paper tells little about the impact the reforms have on unemployed people. Policy makers often tend to defend these reforms by arguing that they are in the interest of unemployed people, as they promote welfare independence, improve the quality, adequacy and effectiveness of provided services, and make services less standardised and more adapted to individual needs and circumstances. This paper has not addressed the issue whether the institutional reforms lived up to these expectations. Unfortunately, as we have argued elsewhere (Van Berkel and Borghi, 2008b), this is a more general characteristic of the state-of-the-art of scientific insights into the effects of new modes of governing activation and social security.

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