

“Activation” policies on the fringes of society: a challenge for European Welfare States

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**BENCHMARKING CARROTS AND STICKS:**  
an International Exploration of the Design and Results  
of Workfare Programs

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With the increased focus on activation policy, work-based employment programs regained popularity in many countries around the world. Considering the growing implementation of such employment programs and the amount of criticism they face, it is important to quickly remedy this lack of information on the precise approach and results of each country. This paper will thus answer the following question: how do the work-based employment programs around the world differ and compare to each other with regard to their design and their results? First, in section two, a social benchmark model will be presented which will be used to evaluating activation programs. The third section will proceed to the comparative analysis and highlight the differences and commonality in design and results of the different work-based employment programs, and the fourth section will construct a Carrots-and-Sticks Index to synthesizes these findings. The last section of the paper will take this benchmark analysis one step further by formulating conclusions and recommendations on the best and worse practices of work-based employment programs. This should demonstrate not only which programs performs the best, but also draw attention to which elements of their design lead to good performance.

**FIRST DRAFT**

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## 1. Introduction

With the increased focus on activation policy, work-based employment programs regained popularity in many countries around the world. While some countries give the name “workfare” to those programs, other countries prefer to speak of “work first” programs or use other expressions. All in all, they all have the common feature that they are mandatory of participation and require the participants to perform some type of work-activities, while also providing varying degree of job search assistance. Examples of those programs are the New Deal for Young People and the New Deal 25 plus in the UK, Work First programs in Dutch municipalities, the “Revenu minimum cantonal d’aide sociale” in the canton of Geneva, the Ontario Works program in Canada and the Work for the Dole in Australia. All these programs have borrowed some aspects of the influential American workfare programs in California and Wisconsin, although there is much variation in the design and the results between each of these countries’ programs.

Amongst others, Lodelmel and Trickey (2000), Peck (2001), Handler (2004) and Ochel (2005) have made key attempts at describing the workfare / work first programs in several countries and compiling their evaluation results. However, they did not proceed to a direct comparative evaluation neither did they attempt to quantitatively contrast the different approaches to work-based employment programs. Considering the growing implementation of such employment programs and the amount of criticism they face, it is important to quickly remedy this lack of information on the precise approach and results of each country.

This paper will thus answer the following question: **how do the work-based employment programs around the world differ and compare to each other with regard to their design and their results?** In order to answer this question, the paper will first develop a social benchmark model which will allow the comparison of the programs on various performance indicators relating to results and design, such as length of program, type and amount of rewards (benefit/wage), type of sanctioning mechanism used, amount of job search assistance, embeddedness in the social security system, and more. The presentation of this social benchmark model will constitute the next section of the paper and thus also contribute to the discussion on the methodological aspects of evaluating activation programs. The third section will proceed to the comparative analysis and highlight the differences and commonality in design and results of the different work-based employment programs, and the fourth section will construct a Carrots-and-Sticks Index to synthesize these findings. The last section of the paper will take this benchmark analysis one step further by formulating conclusions and recommendations on the best and worse practices of work-based employment programs. This should demonstrate not only which programs perform the best, but also draw attention to which elements of their design lead to good performance.

## 2. Social Benchmarking

### 2.1 *Evaluating labour market programs*

Many attempts have been made at evaluating social policy in order to find out “what works and what does not”. This is clearly the case for active labour market policies, as well as the more “activating” market policies, especially since they are increasingly being used in various types of welfare states. These evaluations of active labour market policies are mostly done either from a micro perspective, using econometric models, or either from a macro

perspective, looking at spending on different programs and the effect on the labour market and the economy. However, the methodologies used as well as the results themselves are often contradicted from one study to an other (see Martin (2000) for an international surveys on evaluations of ALMP). As a result, these evaluation studies are rarely able to prove without doubts the effectiveness or the efficiency of active labour market policies.

One of the most significant contribution to evaluation theory from the perspective of labour market policies was made by Schmid, O'Reilly and Schömann (1997). The authors contested the tradition of simple program evaluation of labour market policies. Most evaluations focus on a micro-perspective and look at the impact different reintegration instruments have on single individuals. These previous studies simply evaluated separate instruments of a policy programmes, comparing its measurable outcomes to the policy goals. The major critique was that these studies treated policy formation and implementation as a black box, neglecting to take into account the interaction of different instruments and neglecting to consider the cumulative impacts of all instruments of a program (Meager and Evans, 1997). The proposed "Target-oriented evaluation approach" therefore differed from program-oriented approaches by analysing policies in their whole context, looking at which broadly defined targets can be achieved by which policy combination (Meager and Evans, 1997). In order to open the black box of policy design, the evaluation of which factors can create the most optimal impact is key to the target-oriented approach. An other term for such kind of evaluations is "Process-evaluation", which stresses the need to focus on why the target are or are not reached, which can only be achieved by looking at the policy formation and implementation stages (Pierre, 1999). This vision was also shared by Campbell (2000) who stated that programs were treated by micro and macro evaluations as black-boxes, where content, nature resourcing, staffing and quality of provisions are not part of the performance indicators.

The importance of including the evaluation of the nature of the design or the implementation of a programs was said to be even more important when those varied widely at the local level (Campbell, 2000). Indeed, it is often the case that social policies are being implemented by local governments within a broad national regulatory framework. Ignoring the variation in implementation of those policies would then have an important impact on the findings of such an evaluation. Additionally, Campbell discussed how those evaluations which do take into account the varying implementation of policies at the local level are often of qualitative nature. Only few local evaluations were found by Campbell to use large scale quantitative evaluation methods. Nevertheless, the combination of a national and a local level of evaluation with a quantitative and a qualitative focus would maximize the chance to find out what really works in social programs (Campbell, 2000). As pointed out by Finn (2000), there is thus a great need for the development of new evaluations methodologies which are able to adequately test social policy arrangements in which the design and the implementation varies from one unit of delivery to the next.

Following all these recommendations, this benchmark model will distantiate itself from the usual micro and macro evaluation perspective and take a mezzo-perspective. The mezzo perspective looks at the service providers and the public agencies who are part of the implementation chain, and evaluates their performance. Cost-Benefit analysis and more qualitative analysis are common to the mezzo-level (Pierre, 1999). In addition, benchmarking is often used in order to perform mezzo-level evaluations. Several definitions of benchmarking can be put forward, but one definition is most suitable for both the public and private sectors: *"Benchmarking as an efficiency tool is based on the principle of measuring the performance of one organisation against a standard, whether absolute or relative to other*

*organisations*" (Cowper and Samuels (1997) in Schütz, Speckesser and Schmid (1998)). Benchmarking is an efficiency tool since it is able to point out performance gaps in the production process of an organisation. Organisational learning can thus be achieved by implementing positive changes based on the identified roots of these performance gaps (Tronti, 1998). Consequently, benchmarking is very appropriate for evaluating the performance of public employment services at the mezzo-level given that it has the property to highlight what type of policies, design and instruments work best, and for what reason. Unfortunately, benchmark models of public employment services are rare. Even more rare are mezzo-level evaluation research that reached publication in international, or even national, scientific media. Most of these evaluations are in fact very needs-specific and do not reach further than policy administrators who directly influence the policy implementation. Indeed, as Helgason (1997) mentioned, these types of benchmarks often have a bottom-up approach and are mostly meant for internal use.

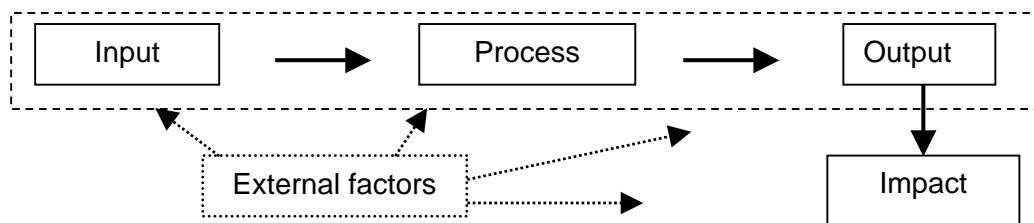
Benchmarks with different aims will be constructed in different ways. There exist many different types of benchmarking, and the great variety of typologies found in the literature show that not one model is being seen as the standard way to benchmark. Schütz et al. (1998) presented one of the most common typology of benchmarks that apply to both the public and the private sector. They show the differences between four types of benchmark practices, according to what is being benchmarked. First, Product Benchmark looks at all components of the product (or service) and comparing the performance of its components with its competitors. Second, in Functional Benchmarks, the production process of different companies is compared in order to make improvements in the way the products (or services) are made. Third, the Best-Practices Benchmark combines the elements of product and functional benchmarking with strategies more focused on implementation. This makes the benchmark more appropriate for use at the level of management than at the production level. The last type of benchmarking is the Strategic Benchmark is the most abstract, as it looks at the essential organisational aims and objectives.

Clearly, the semi-quantitative approach of benchmarking is very much appropriate for the evaluation of active labour market policies. Benchmarking is thus more general than micro-level evaluations, since these evaluations focus on the individual's chances on the labour market. Benchmarking is however more specific than macro-level evaluations, as macro-evaluations focus on the economy or labour market as a whole. As an alternative to macro and micro level evaluations, benchmarking is a welcomed addition to the evaluation tool-kit. Schütz, Speckesser and Schmid (1998) developed a simple benchmark for public employment services with purely hypothetical values in order to demonstrate how this could be done in a real research setting. Even though their model was not based on any real country and contained only six indicators, they did acclaim this methodology for its good prospects in providing a clear performance measure. Unfortunately, their call for further research in this direction remained up until now fairly unanswered as very little follow-up research can be found in the academic literature. This was partially due to the fact that much of the data needed to complete such benchmarks within various countries was not easily publicly available at the time. But most importantly, the fact that most social programs were fully publicly run did not create the need for much performance measurement. However, the rise of New Public Management as the governance model for the public sector and the increased focus on evidence-based policy making has meant that evaluations are increasingly needed on the programs being delivered by the government.

## 2.2 Performance Indicators

It is clear that evaluations of social policies which are meant to answer the questions of “what works best and why” need to follow a holistic approach. This holistic approach means that evaluations of active labor market policies should not only look at the outcome of the policies, but should assess the whole policy chain. The policy chain consists of 4 principal elements: the inputs, the process, the outputs and the impact (Spicker, 2006). By following the policy chain, an holistic evaluation would start by looking at the input of the system, then should go on with evaluating its method of implementation – its processes- and then measure its output, and finally look at the impact the policy has on its beneficiaries and their environment. Because some factors, which are external to the policy-making process, can have an important influence on the policy chain, external factors are added to the benchmark model. These five steps of the policy chain will make-up the five categories of indicators of the social benchmark model, and will thus be discussed in turn in the rest of this sub-section. Figure 1 illustrates this Social Benchmark Model, with its five type of indicators and the relation between them.

Figure 1 : The Social Benchmark Model



This Social Benchmark Model is a general one, which can be used to evaluate almost any social policy. However, the question of this article relates directly to the comparison of work-based employment programs. This means that the indicators which will be used to qualify the input, the process, the output, the impact and the external factors will have to directly be relating to work-based employment programs.

The first step of the policy chain is determining the inputs. The level of inputs answers the question of *what* is put in place for the policy to perform its task (Spicker, 2006). The specific detail of the measures will not yet be worked out in this stage, but a more general blue print is being made for the policy. These inputs are the following:

- Objective: Return to the labour market
- Target Groups: Youth / Long-term unemployed
- Activation Conditions
- Sanctions: level and duration
- Generosity of the benefit of (potential) participants
- Governance model: orientation towards efficiency
- Incentives in budget allocation
- Resources of program

This set of objectives, laws, incentives and resources will then determine the second step in the policy chain, the process of the policy. It answers the question of *how* the program is delivering its social services. Taking into account what needs to be achieved, the program will be designed, and decisions will be made regarding its length, the type of activities to be performed, the actors who will deliver its components, an more.

More concretely, these process-indicators are:

- Timing of the start of the programs' work-activities for claimants
- Length of the program
- Number of hours to be spent in the work-activities
- Type of workplace: Regular labour market (private or public) or voluntary / community sector
- Rewards given to participants: regular salary, bonus on top of benefit , or only benefit
- Decentralisation and concentration of program delivery
- Sanctioning procedures: formality and flexibility
- Performance-pay for service delivery

Using the input, the process "makes" the output, the "product" of the social program. The output answer the question of *what* is being produced by the policy. This thus means looking at the quantity and quality of the different services delivered by the social program. Analysing the level of output is important because the same amount of financial and human resources does not imply the same quantity and quality of the services. By comparing the input and the output, the influence of the process can be measured. This opens the black box of policy implementation which was long left closed by evaluations which looked only at output or impact. The process-indicators which will be used to benchmark work-based employment programs are:

- Number of participants in work-activities
- Sanctions, type and quantities used
- Quantity and quality of the "employability" component: Job search assistance and training.
- Type and quality of supervision of the participants
- Client satisfaction with program

The last step in the policy chain will then be the impact the policy has on the participant in the employment program. These are the ultimate results of the policy. These are very relevant since for many social policy, the objective will not be defined in terms of number of output but rather in terms of its impact. For example, in the case of employment policy, this means that the objectives are stated in terms of the rate of return to the labour market and not only in terms of number of participant in the employment program. The list of impact an employment program can have on its participants is large, but the availability of data on these is very sparse. This benchmark will thus concentrate on three impact indicators for which programs will most likely be able to provide data, being:

- Outflow-to-work
- Prevention of entry into benefit
- Rate of return to benefit after completion of program (Revolving-door)

Besides these four steps of the policy chain, there is an important last factor that needs to be added to the evaluation framework. The whole policy chain is very much influenced by various external factors, which cannot directly be included in the policy chain but have some direct impact in all of its steps. The reason they cannot be included in the policy chain is that they are outside the control of the policy maker. Such elements are for example, the unemployment rate in a country or region, the institutional environment of the employment program, different labour and social security laws acting at the periphery of the employment program, and more. These external factors are thus directly linked to the policy chain and have such a great impact on it that it would be wrong not to include them in the evaluation framework.

Here again, the list of possible indicators is quite long, but will concentrate on the most essential indicators:

- Economic factors: Economic growth, unemployment rate and labour force participation rates
- Juridical factors: employment protection laws
- Political factors: parties in government and opposition

### 2.3 Methodology

This list of performance indicators from the five components of the policy chain will therefore compose the benchmark of work-based employment programs. The benchmarking of these indicators is based on extensive quantitative and qualitative review of the available information on these programs. The data collection refers to the situation in the programs in the year 2005-2006. This available information comprises internal and external evaluations commissioned by governmental departments, governmental audit reports, independent evaluations by academics, articles and books from policy-analyst and academics, and reviews by bodies such as the OECD. In addition, juridical information sources have also been consulted, such as the laws themselves, and also guides and memorandums published by the government to explain those laws. The extensive analysis of each of these indicators will not be presented here because this is very lengthy, but will be presented as part of a dissertation by the author to be available end 2008 / beginning 2009. In order to lighten the text and diminish repetitions, the sources of information for this benchmark can be found in the annotated bibliography which is annexed. Here, the conclusions of this analysis will be presented in the form of a ranking for each of these indicators. This ranking will be on a scale of 1 to 5 (1 being "worse/lowest" and 5 "best/highest"). The ranking of the indicators will be then be illustrated on a Radar Chart for each of the four main indicators (thus not including external factors). A radar chart is made of several axes each corresponding to one performance indicator, the highest value on the axis corresponding to the performance standard. For each country, the values of each axis are connected in order to allow for clear comparison.

Radar Charts have been proposed by Schütz et al. (1998), Tronti (1998), Mosley and Mayer (1998), and Jones (2002) as a way to clearly represent performance indicators. Actually, radar charts are most useful for comparing performance on multiple dimensions simultaneously as shown by Mosley and Mayer in their benchmark of national labour market performance in the EU. Radar charts have also been used by Bonny and Bosco (2002) in order to illustrate the various dimensions of income support in 13 European cities. Moreover, Plantenga and Hensen (1999) used a benchmark which was made operational by radar charts to compare the level of gender equality in European countries.

Using radar charts for benchmarking has a second important advantage. This has to do with the fact that the surface area that is formed by the joined lines of each performance indicator generates one single aggregated performance indicator (Schütz et al., 1998). Indeed, the larger each indicator is, the larger the shape that is created by the joined line from each branch of the radar. This approach is also called the SMOP-approach, which stands for "Surface Measure of Overall Performance". A simple formula can be used in order to calculate this SMOP:

$$SMOP = [(ind1*ind2)+(ind2*ind3)+...+(indN*ind1)] * \sin (360/N)/2$$

This formula will be used to calculate an overall performance indicator for the input, the process, the output and the impact, and thus make conclusions regarding the effectiveness and efficiency of each program.

### 3. Benchmarking work-based employment programs around the world

#### 3.1 *The five countries and their programs*

The relevance of an international benchmark for work-based employment programs lies in the fact that, despite their increase in implementation, it is still unknown which approach perform the best. Indeed, even though most programs found around the world imported some aspects from popular American workfare programs in California and Wisconsin, the programs set up within those other countries all vary greatly in their approach. Considering the growing implementation of such employment programs and the amount of criticism they face, it is important to quickly remedy this lack of information on the precise approach and results of each country.

Even though “workfare” or “work first” employment programs are increasingly popular, this does not actually mean that many countries have already implemented programs which can easily be benchmarked against the programs of other country. The main reason for this lack of comparability is the fact that only few countries have implemented fully-fledged work-based employment programs at this point. While it may seem that there is a certain convergence in the type of activation policies that are being implemented around the world, this convergence mostly refers to ideologies, paradigms, and the normative foundation principle of labour market intervention (Serrano-Pascual, 2004). In fact, convergence is much less obvious when looking at the type of programs being designed and the way they are implemented. Actually, the precise form and path of activation policy is still very divergent, such that even within Europe different regimes of activation can be identified (Serrano-Pascual, 2007). This also means that while much of the political discourse hints towards an increase in the implementation of work-based employment programs, actually very few countries have concretely implemented programs which fit the definition of ‘work-based employment program’. For the purpose of this international benchmark, work-based employment programs are defined as being:

- Mandatory employment programs, where sanctions apply when refusing to participate,
- for social assistance, unemployment insurance or unemployment assistance benefit claimants (current or potential),
- where some type of work-activities are being undertaken by the participants,
- which are complemented by other employment services such as job search assistance or training/schooling,

The intuition that “workfare” is gaining ground in many country is thus mostly based on the fact that its rationale is increasingly acclaimed in political discourses. This intuition is also greatly based on the knowledge that elements of the work-based approach are being borrowed by many active labour market programs. For example, many employment programs have increased their use of sanctions or increased their focus on quick return to the regular market. However, the presence of some of these elements in the activation strategy of a country does not mean that one of its program can be defined as a work-based employment program.

The fact that only a few country use work-based employment program as part of their activation strategy does not undermine the relevance of an international benchmark of these program. On the contrary, precisely because we are noticing a change in the normative principles and paradigms of labour market policies it is necessary to investigate the impact of changes on the instrumental level. As many countries seek to find the most effective



balance between rights and obligations, the need for evidence-based decision-making is especially present. By backing changes in programs with hard evidence on their efficiency, this could counteract the vulnerability of basing reforms purely on new ideologies. The eventuality of hearing *ex-post* that “the ideas were good, but the instruments were bad” is thus diminished by relying on international evidences and best-practices. Since it is well known that successful program cannot simply be copied to an other country in order to guarantee its success there as well, a benchmark will facilitate mutual learning by allowing to take into account the differences in the context of each social programs.

As mentioned earlier, many country have made initial steps towards the implementation of mandatory employment-based programs. This means that in some country the programs still have to be implemented, or the results of the programs are still unknown, making it impossible to include them in the benchmark. An example of this is Sweden, who in its 2007 budgets has created new provisions for long-term unemployed which requires them to take part in work-placements (Lundberg, 2007). Also as already mentioned, many countries have increased the use of various elements of work-based employment programs, such as the increase use of sanction and the increase focus on work. Germany is a good example of a country in which this situation applies (Bruttel and Sol, 2006), without however having implemented mandatory programs where participants must take part in work-activities or otherwise face sanctions. Indeed, the “mini-job” program could be seen as a work-based employment program, but remains voluntary of participation for the participants (Hohmeyer, 2007).

The programs which satisfy this definition are the New Deal for Young People and the New Deal for 25 plus in the United Kingdom, the Work First projects in the Netherlands, the “Revenu minimum cantonal d’aide sociale” (RMCAS) in the canton of Geneva in Switzerland, Ontario Works in Canada, the Work for the Dole in Australia, Wisconsin Works and the GAIN projects in the United States, and the program in the city of Farum in Denmark. Nevertheless, the American programs will not be included in the international benchmark performed in this research. The reason for this is that the social security system of the United States is so different from the social security system of the other countries in the benchmark, that meaningful comparisons would be complex to make. Similarly, the Danish program from Farum will not be included here. The reason for this is that the municipality, which was well-known in Denmark for its radical use of New Public Management, has had major administrative problems and has even become an example of worst-practices in public-private partnerships (Greeve and Ejersbo, 2002). Since it would be impossible to disentangle the effect of the administrative scandal in the municipality with the effect of the design of the program, the project will not be included in the benchmark.

- United Kingdom: New Deal for Young People and New Deal for 25 plus.

In 1997 the new Blair government committed itself to significantly decrease unemployment amongst the young and the long-term unemployed and launched a series of active labour market policy programmes known as the New Deal programs. The New Deal for Young People is mandatory for Jobseeker’s Allowance claimants aged 18 to 24 claiming the benefit for more than 6 months. Job search assistance, training and work-experience constitute the main elements of the NDYP. A similar arrangement, the “New Deal 25 plus”, has been created for JSA claimants aged 25 and over and who are long-term unemployed i.e. have been claiming JSA for more than 18 months. Both NDYP and ND25plus are three-stage programs. The first stage consists of job-search assistance services. It is followed by the “options” of “intense activity” stage, where full-time training or full-time work-activities take place. The last stage is reserved for those who did not find a job during the second stage

and consist of more intensive job search assistance. For the purpose of the benchmark, since it is crucial that work-activities must be performed by the participants, only the second stages will be taken into account, of which only those 'options' or 'activities' which consist of work-activities will be benchmarked. This thus means that for the NDYP, the Employment Option (EO), Environmental Task Force option (ETF) and the Voluntary Sector (VS) option will be taken into account. For the ND25plus, the Work Experience/Placement "intense activity period" (IAP) will be taken into account. The participants who are in employment with regular employees, those in the NDYP Employment Option and those in Work Experience/Placement in the ND25plus, receive a regular salary which is subsidized for the employer. Those in the Environmental Task Force and the Voluntary Sector option receive their benefit plus an extra allowance to reward them for their participation. For the NDYP, the work-activities thus start 10 months after the initial benefit claim, and they last for 6 months. This is different for the ND25plus work-based activities, which only start after 22 months of unemployment, but only last 3 months.

- The Netherlands: Work First

Work First programs only appeared in the Netherlands in the last two or three years (Bruttel and Sol, 2006). The implementation of mandatory work-based employment programs in the Netherlands was triggered by the drastic reform of the implementation structure of social security set in motion at the beginning of the new century. In 2001, the implementation structure of social security was re-designed by the Work and Income Implementation Structure Act (the SUWI act). Amongst other, this act initiated the privatization of the delivery of training and job search assistance services which were previously delivered by the Public Employment Service. Furthermore, the SUWI act clearly sent out the message that active labour market policies were not delivering the results expected and that the priority was given to returning to the labour market as soon as possible (Bruttel and Sol, 2006). The Work and Social Assistance Act (WWB act) which took effect in 2004 expanded the incentives set by the SUWI act by making the municipalities fully responsible for the implementation and the financing of the active labour market policies. The new financial design clearly encourages the municipalities to increase the outflow of claimants to the labour market, but also to decrease the inflow into social assistance (Bruttel and Sol, 2006). Given that mandatory work-based employment programs both have an effect on the inflow and the outflow of welfare claimants and that its success in other countries was becoming well known by municipal policy-makers, Work First projects were quickly implemented in many municipalities. Social Assistance being decentralized to the municipalities in the Netherlands, we cannot talk of a single Work First program but a number of different projects all run distinctively from one another. The first centralised data collection on the design and the result of these Work First projects was realised in 2006 by the Benchmark Work First, and this database will be used in order to include these projects into the present international benchmark.

- Australia: Work for the Dole

Work for the Dole is a work-based employment program for both New Start allowance claimants (aged over 21) and Youth Allowance claimants (under 21). Both of these benefits are not contribution based and take the form of social assistance which is means-tested. The program is mandatory on a part-time basis for those who are unemployed for more than six months. The program lasts 6 months, in which claimants must on average work 12 or 15 hours a week in their project. The Work for the Dole consists of a wide range of community-based activities which are delivered by Community Work Coordinators. Work for the Dole has for main objective the creation of a mutual obligation for the benefit claimants. In order

to cover for the costs incurred in participating in the program, the participants receive an extra allowance of AU\$ 20.80 each two weeks.

- Canada: Ontario Works

The main purpose of Ontario Works, beside providing financial assistance to the needy, is promoting self-reliance through employment and also provide accountability to the taxpayers of the province. This means that Social Assistance claimants are all required to sign a Participation Agreement and are also required to participate in one or more employment assistance activity. One of these activities is the Community Placement. Community Placement may be made mandatory for social assistance claimants at any time. The placement can last up to 6 months and take-up a maximum of 70 hours per month. The claimants are not receiving a salary for their participation but keep on receiving their benefit and receive an allowance for incurred costs (such as transportation, protective clothing, etc). The work-activities takes place in public or non-profit organisations and should not displace any paid work. That is to say, the work should be the type of work which was previously characterised a voluntary by the organisation. Self-initiated placements are also possible in the case a person was already involved in voluntary work.

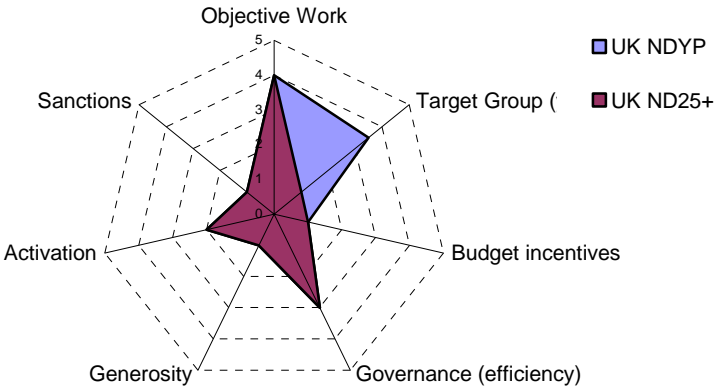
- Switzerland: Canton of Geneva Temporary Jobs and RMCAS

Two different measures from Switzerland will be included in this benchmark, both coming from the Canton of Geneva. The first measure is the Temporary Jobs program which is made available to those who have ended their rights to the federal unemployment insurance, usually after two years being unemployed and receiving employment services from the Cantonal Employment Office (CEO). For those who are still unemployed, the Cantonal Employment Office offers the opportunity to take part in a Temporary Job. In this Temporary Job, the Cantonal Employment Office hires the claimant, and send them to work within the public sector for four days a week, doing all sorts of work within either the federal, cantonal or communal level of government. Because these unemployed are actually being hired by the CEO, they will build a new right to federal unemployment insurance after having been working for 12 months. The objective of this program is thus to allow the claimants to be eligible for a second unemployment insurance claim. Nevertheless, one day per week is reserved for searching for a regular job, and also, the Temporary Job program is only available once. After which the unemployed must claim the cantonal benefit of RMCAS. The second measure is linked to the RMCAS benefit which is under the responsibility of the Hospice Général in Geneva, which also takes care of social assistance. The RMCAS is a means-tested benefit which is available for those who have used up their rights to federal or cantonal unemployment insurance. This prevents them from having to rely on social assistance. In return for receiving this benefit, the claimants undertakes a part-time (max. 20h/week) work activity with a social or environmental impact. All claimants of the RMCAS benefit are in principle obliged to take part in this “mutual obligation” activity (originally in French: *contre-prestation*). Since there is no time limits on receiving the RMCAS, there is also no time limits on the mutual-obligation activity either.

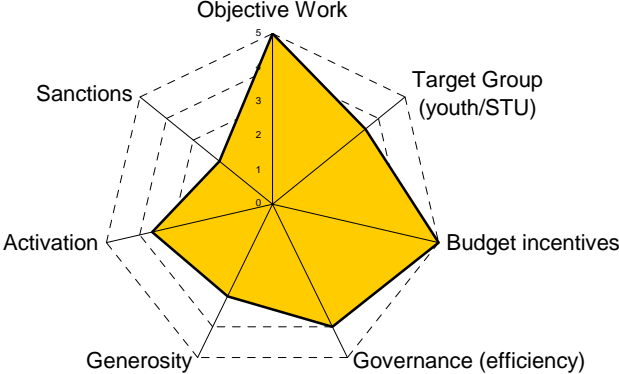
### 3.2 The Input Benchmark

The radar charts for the input benchmark are presented in figure 2 to 6 for each country in this paper. A first rapid look at the radar chart clearly indicates that each country have their unique approach to putting in place what is necessary for the program.

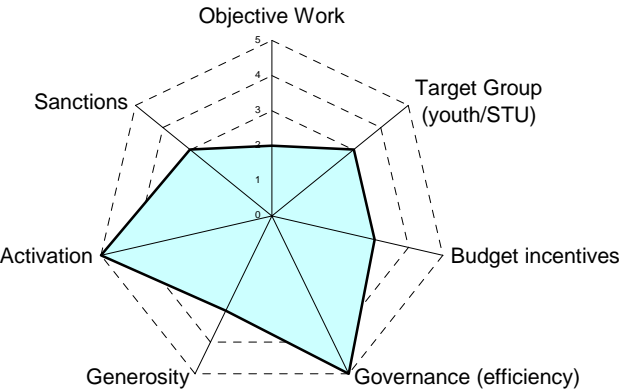
**Figure 2 : Inputs - United Kingdom New Deal Options and IAP programs**



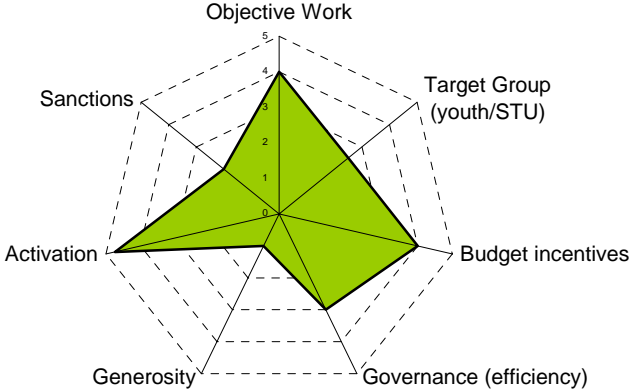
**Figure 3: Inputs - Work First in the Netherlands**



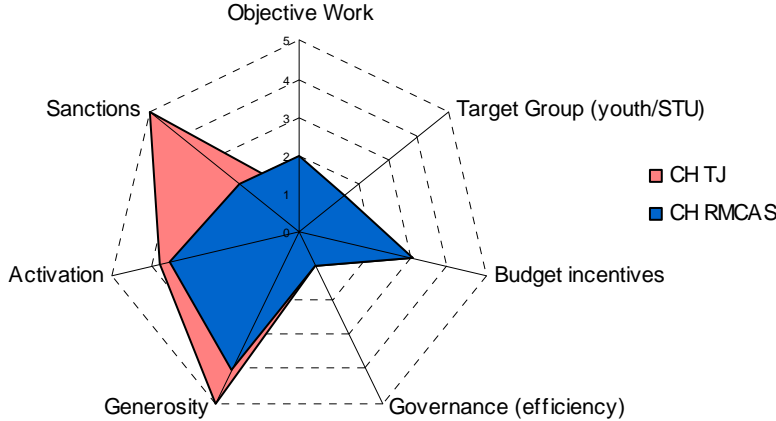
**Figure 4: Inputs - Work for the Dole in Australia**



**Figure 5: Inputs - Ontario Works in Canada**



**Figure 6: Inputs - Temporary Work and RMCAS in Switzerland (Geneva)**



First, it is clear that the objective to return to work is the strongest in the Netherlands, but also very strong in the New Deal programs as well as the Ontario Works program in Canada. In these programs, there is a clear stated objective to find the quickest route back to employment for the participants. In the Work for the Dole program as well as in the RMCAS in Geneva, the objectives of the work-activities are much more oriented towards the creation of a mutual-obligation for the benefit claimants. The Temporary Job program in Geneva is the least oriented towards the return to work of its participants, since its main objective is to allow its participants to claim a second period of federal unemployment insurance.

Concerning the target groups, a mix of young people and short-term unemployed would be the easiest to target in order to achieve high levels of exit-to-work. This group indeed make up the largest part of the target group in the Netherlands, Canada, the New Deal for Young People and Work for the Dole. A stronger emphasis is laid on older and longer-term unemployed people in the New Deal 25 plus in the UK as well as in both Swiss programs.

Activation conditions and sanctions legislations also make up the input of the programs, and can be said to be the most strict in the Temporary Job program in Geneva. This is because participants in the program are per definition obliged to take part in the full-time work-activities if they want to receive the benefit, and if they refuse the job they are offered (they cannot choose) , no other offer will be made and they will never be able to claim the benefit

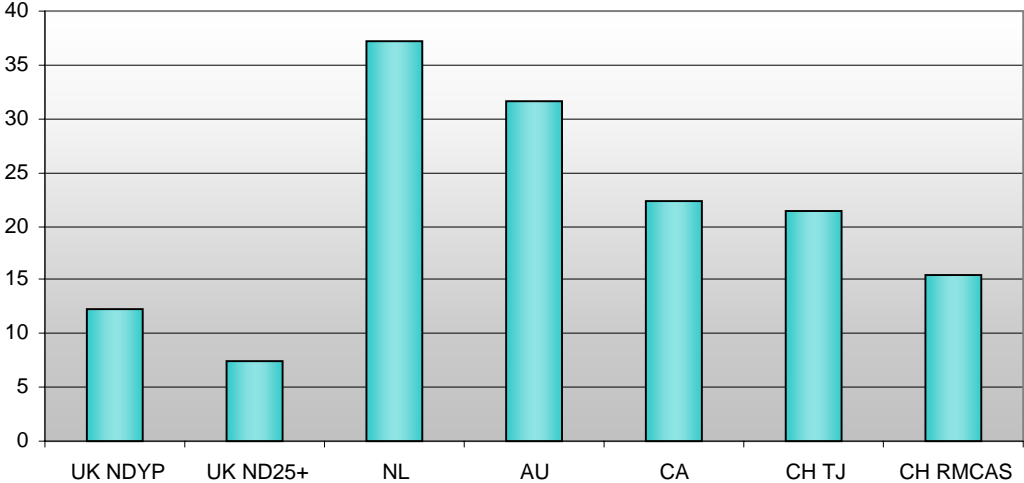
again. This results in a 100% “life-time” sanction for refusing to participate in the program, which is unknown in the other countries. Activation conditions and accompanying sanctions are also rather strong in Australia and Canada, where participation is obligatory, as well as being available for work and looking for work while being in the program. These activation conditions and sanctions are the least strong in the UK, because participants in the work-based activities of both New Deal programs are actually not claiming the benefit anymore and thus are not directly linked to activation conditions and sanction anymore. Since in some of the Work First program this is also the case that claimants are actually hired by employers and thus not falling under the social security laws anymore, the score for the Netherlands is slightly lower than in Australia and Canada, although activations conditions for those in the benefit are actually similar.

Concerning the generosity of the benefit of each of these programs, not so surprisingly, the highest level is found in Switzerland, and the lowest is found in Canada and the United Kingdom. More unexpected is the relatively generous benefit received by Australia unemployed, which is due to the fact that no social insurances are present in the social security system, which means that all unemployed must claim this benefit. The high income disregards can thus be said to slightly compensate for having to rely on means-tested benefits solely.

At last, the financial incentives which are build in the governance models of the countries as well as the incentives attached to budget allocations for the programs can be said to be the highest in the Netherlands and closely followed by Australia. In the Netherlands, municipalities receive block grants which make it financially interesting to decrease the caseload as much as possible. In Australia, the whole social security system is geared towards efficiency, with all instruments of New Public Management taking a large role in service delivery, such as performance measurement and contractualism. Although this is also rather present in the UK since the implementation of Jobcentre Plus as the delivery agent for employment services and benefits, the budget incentives to decrease the caseload remain low. The Swiss projects both score very low on these two public management indicators, which comes as a surprise considering the important recent reforms of labour market policy at the federal level. This is because, first, these programs are implemented at the cantonal level of government for a target group which is not taken into account by the federal insurance provisions, and second, that the Canton of Geneva has explicitly chosen for an employment policy which emphasises social reintegration rather than a Work First type of employment policy (FluckXXX, p.)

Figure 7 aggregates these finding by measuring the surface of each polygon formed by the indicators in each country. Clearly, the inputs are the highest in the Netherlands and the lowest in the UK, meaning that the initial set-up for the program are the most favourable in the Dutch Work First projects, and the least in the British programs. From this it could also be expected that the best outflow rates would be found in the Netherlands, followed by the Work for the Dole, Ontario Works, the two Geneva programs, and with the least outflow to work in the United Kingdom.

**Figure 7: Surface Measure of Performance - Inputs**

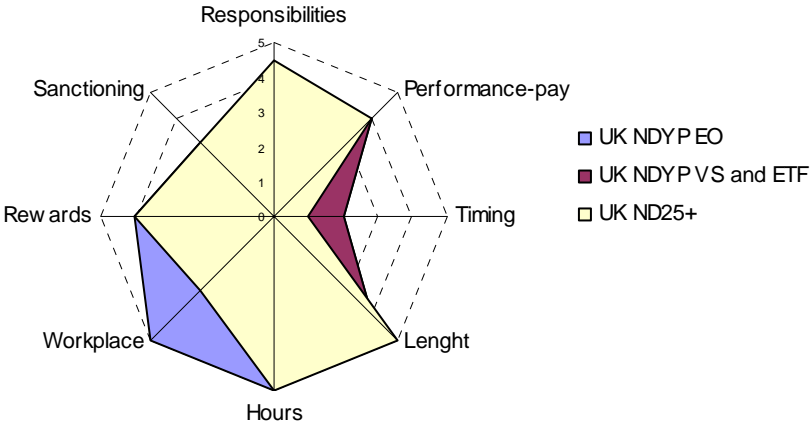


*3.3 The Process Benchmark*

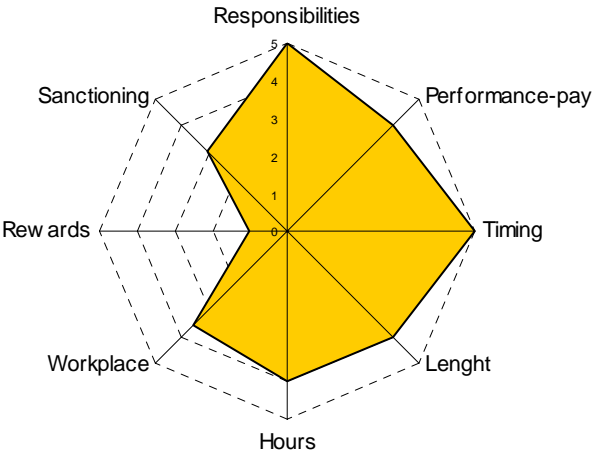
The design of each program also varies greatly, as can be seen from the radar charts from the process benchmark. The larger the indicators, the more the process is containing elements which have been proven to foster the return to the labour market. The first two indicators to be discussed relate to the aspects of the delivery of the program and the last six indicators to are related to the characteristics of the programs itself. The indicator “responsibilities” is a composite of two aspects, the extent to which the delivery of the program is decentralised to local decision-makers, and the extent to which decision making about services and benefits is concentrated within one delivery body. Most countries score rather high on this, because of either extensive concentration or decentralisation, or a relatively high level of both. Only in Australia are both elements rather low, with different agencies responsible for different aspect of the program, and a low level of decentralisation of these agencies. In fact, while benefits are being disbursed by Centrelink, a centralised government agency, referral to the program is made by Job Network member, a private service provider contracted-out by Centrelink, but the real program delivery is done by Community Work Coordinators, who can also contract-out the work-activities to a Sponsor organisation. The same is true for the element of Performance-Pay, which is also lowest in Australia since a system of acquittal payment is present between Community Work Coordinators, and does not involve the measurement of performance in terms of exit-to-work of participants. Performance pay is strongest in the UK and the Netherlands, where the service delivery is often contracted-out and linked to the number of participants who have found a job through the program.

While the work-based activities in Switzerland, Canada and the Netherlands are all meant to start immediately after the person makes a claim for the benefit, this is not the case for the New Deal programs as well as the Work for the Dole programs. These programs only come into play after the claimants have first done some independent job search and if this was not successful then moved on to receive some job search assistance before more extensive (and often more expensive) work-based employment programs are made mandatory. This is reflected in the indicator “Timing”.

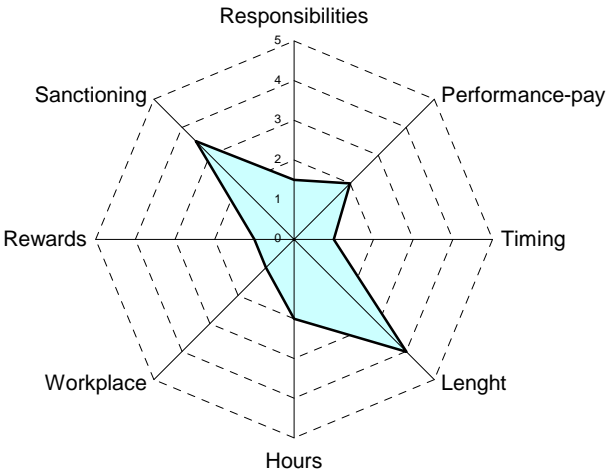
**Figure 8: Process - United Kingdom New Deal Options and IAP**



**Figure 9: Process - Work First in the Netherlands**

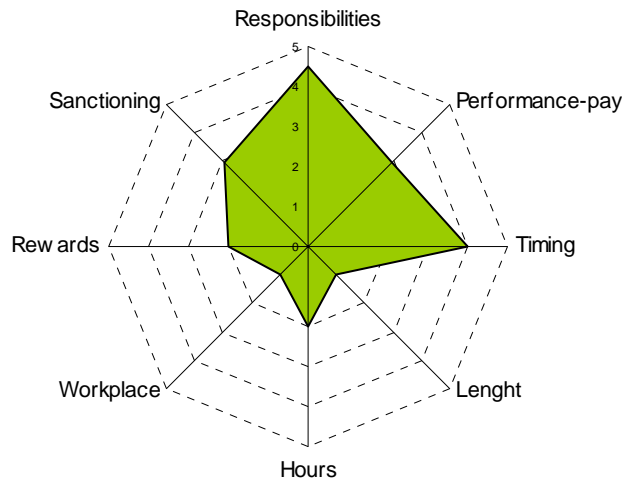


**Figure 10: Process - Work for the Dole in Australia**

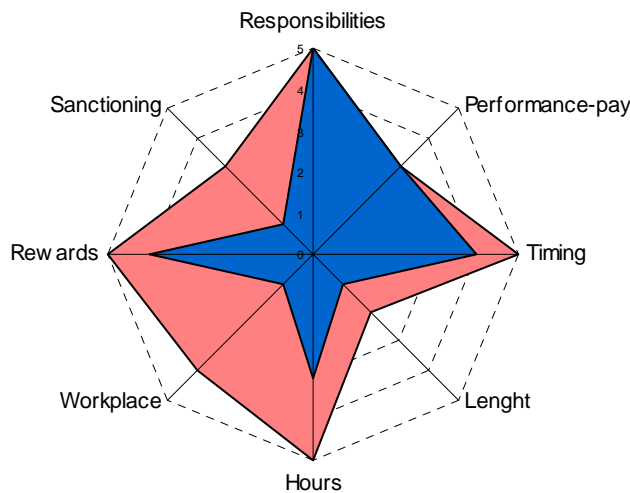




**Figure 11: Process – Ontario Works in Canada**



**Figure 12: Process - Temporary Work and RMCAS in Switzerland (Geneva)**



Furthermore, from the evaluation of many labour market programs, it is known that the longer a program is, the more the unemployed will delay job search and will become “locked-in” the program. Because the Ontario Works program in Canada and the RMCAS program in Geneva are of unlimited duration, that is to say as long as the person claims the benefit, these programs have received the lowest score on the “length” indicator. The highest score is found in the ND25plus since its work-based Intense Activity Period lasts only 3 months. High scores are also given for the NDYP work-based Options and the Work for the Dole program since they last 6 months. The average length of the 49 Work First programs in the Netherlands was 6,5 months, and thus also meant a high score on this indicator.

Concerning the Workplace, a distinction has been made between programs in which the work-activities take place within the regular labour market (private sector or within the public sector but as a regular employee), within the public sector in a specially created job, and within the community/voluntary sector. Since it has been shown in various evaluations (see Ochel, 2005) that the closer to the regular labour market the greater the influence on the employability of a participant, the rankings were highest for projects within the regular

labour market, and the lowest for project in the community/voluntary sector. As can be seen, the RMCAS, the Ontario Works and the Work for the Dole programs, as well as the Environmental Task Force and the Voluntary Sector option of the NDYP all have work-activities which take place in the community/voluntary sector. The Temporary Job program in Geneva offers jobs within the public sector which are often part of the regular activities of the government and not “simulated” activities. The highest score is given to the NDYP Employment Option, where participants are all hired by regular employers, although some of these are found in the public sector. The situation in the Netherlands is more complicated to fit into this indicator, since there is a large variation in the type of work environment from one project to the other. Nevertheless, 70% programs provide “real” work experience, as opposed to “simulated” work in jobs created only for the program, even though this is also the case for some of these programs. However, these “real” work experience are often not with a private sector employer but within a private employment service employer, which explains the lower rank of the Work First projects compared to the Employment Option of the NDYP.

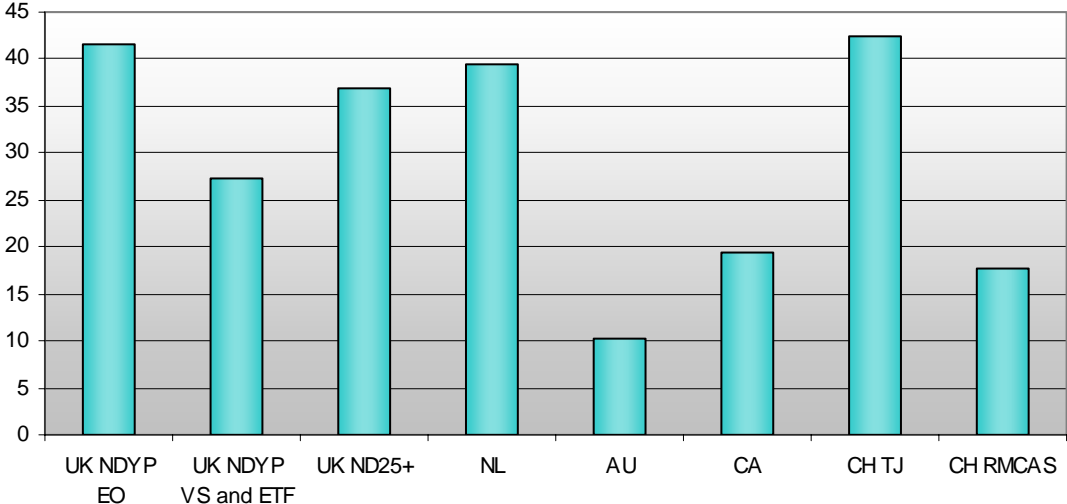
The indicator “rewards” refers to the financial gain participants have from taking part in the program and the extent to which they will be rewarded for the work-activities. This has been calculated as the amount which is received additionally to the benefit, as a percentage of the benefit received. Since 76% of the Work First projects in the database gave their participants only their Social Assistance benefit (with no bonus) for participating in the programs, the Netherlands received the lowest score on this indicator. Even more, considering the fact that because of the relatively high benefit level compared to the minimum wage, even the 24% of participants who were receiving a salary for their part-time work in the program were not receiving much more than 20% more income from their participation. The bonus which Work for the Dole receive to compensate them for costs incurred through participating in the program (mostly transportation) is also very small compared to the level of the benefit, at around 5-6%. The difference made by the extra allowance for participating in the work-based activities is much larger in Ontario Works (around 20%) and the NDYP Environmental Task Force and VS Option (around 35%). Nevertheless, the much more important gain are made by NDYP Employment Option and the work-based ND25Plus IAP since they receive a regular minimum wage for around 32 hours of work per week in this program, meaning that they almost double their income. The rewards from participating in the Temporary Job programs and the RMCAS “mutual obligation” activities are nevertheless the highest, since those benefits are very generous for their participants, and are purely linked to the performance of the work-activity.

The last process-indicator to be looked at it is the sanctioning mechanism found within the program. This is made up of a combination of the formality of the procedure and well as the amount of flexibility there is in adjusting the sanction on an individual basis. In most country, these two components either compensated each other or were both average, except for in Australia and in the RMCAS. In the Work for the Dole, the procedure is rather formal with an official referral procedure between the Community Work Coordinators who delivers the program and Centrelink which is the government agency responsible for the program. Also, sanctions are fixed in length and level according to criteria and cannot be adjusted from one individual to the other. Much of the opposite is true withing the RMCAS, where sanctions decisions are made by case-managers which are also allowed to adjust these sanctions on a case-to-case basis. This leads to a very “soft” sanctioning procedure.

Figure 13 thus shows how the different programs score when taking the process on an overall level and aggregating all indicators into one single figure. A rather different picture

emerge than with respect to the input. Here, if looking at the process, one would expect the NDYP Employment Options and the Temporary Job programs to have the highest rate of return to the labour market, closely followed by the Dutch Work First projects and the ND25plus work-based IAP. The worse performance would be expected to be found in the Work for the Dole, based in this aggregate process indicator.

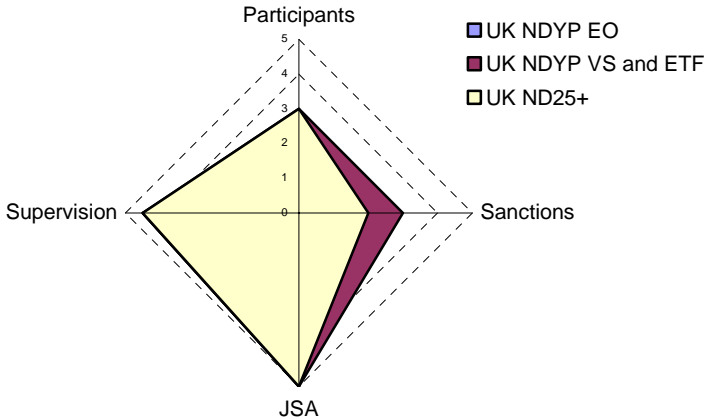
**Figure 13: Surface Measure of Performance - Process**



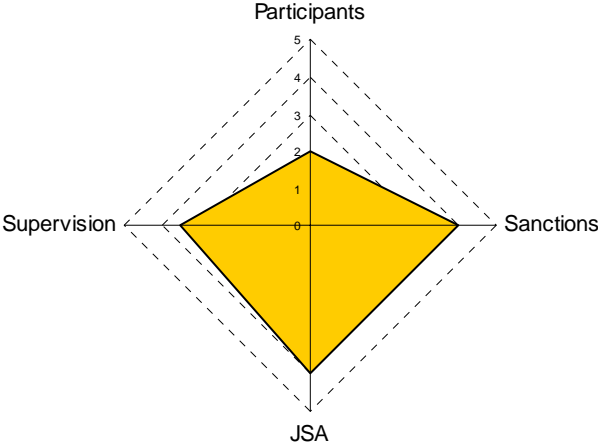
*3.4 The Output Benchmark*

The Output Benchmark comprises four indicators for which data was available for the majority of the program. This is the yearly number of participants in the work-based employment program (if program is made up of different component, only the work-based component is taken into account, in the same fashion as the rest of the benchmark), the number of sanctions imposed on participants in the program, the quantity and quality of Job search assistance offered to participants, and the supervision offered to participants.

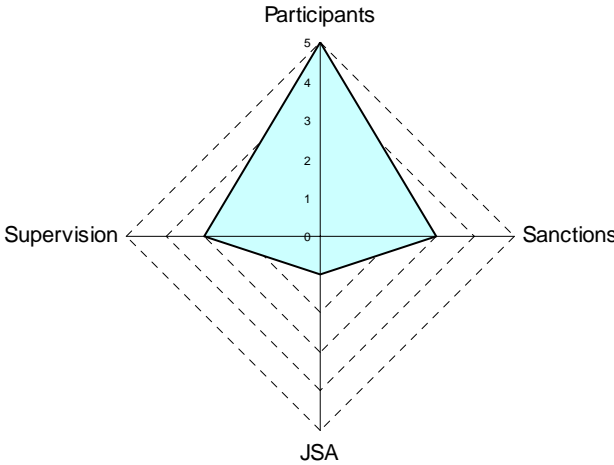
**Figure 14: Outputs - United Kingdom New Deal Options and IAP**



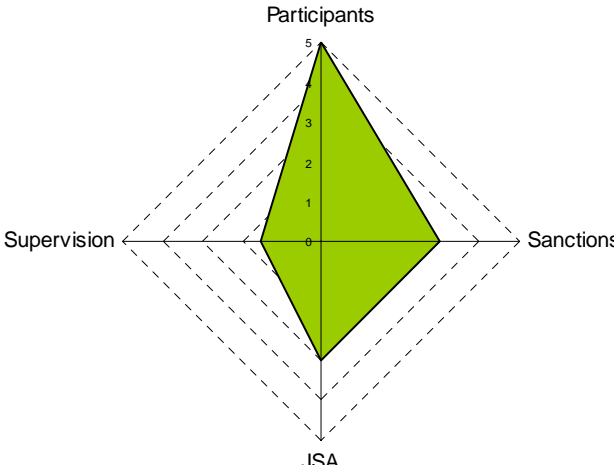
**Figure 15: Outputs - Work First in the Netherlands**



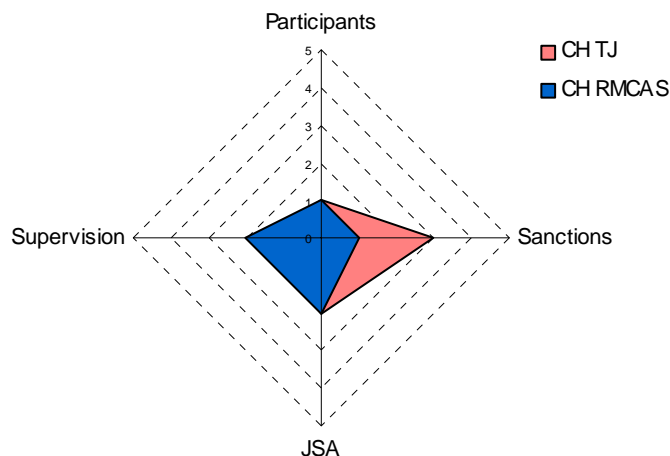
**Figure 16: Outputs - Work for the Dole in Australia**



**Figure 17: Outputs - Ontario Works in Canada**



**Figure 18: Outputs - Temporary Work and RMCAS in Switzerland (Geneva)**



It is clear that the most participants are found in the Work for the Dole programs and the Ontario Works program, with about more than 80 000 claimants each year who take part in work-based activities. This is lower, but still very significant in the UK, with in total about 20 000 person taking part in both VS and ETF Options and about the same amount in the ND25+. The total number of participants of the 49 Work First projects who are included in the Benchmark Work First Database 2006 is close to half of this, with around 9000 participants in total. The total yearly number of participants in the Employment Option of the NDYP in the UK is lower, at around 4000. At last, the smallest number of participants in work-based activities is found in the Canton of Geneva programs, with around 2000 for Temporary Jobs and less than 700 for RMCAS.

Concerning the number of sanctions imposed on participants, this varied between on average 24% of all Dutch Work First participants (average based on 20 projects out of 49 for which data is available) to only 0,5 % of all RMCAS claimants. In the case of the Work for the Dole program and the sanctions were more between 10% to 15% for leaving the program voluntarily or due to misconduct. This was much lower in the case of the Employment Option of the NDYP, and around 3%. Also, about 10% of the Temporary Job participants left the program before its end, although some of these could have left because they had found a job. No data on sanctions is available for the Ontario Works program, so a “neutral” 3 had to be allocated.

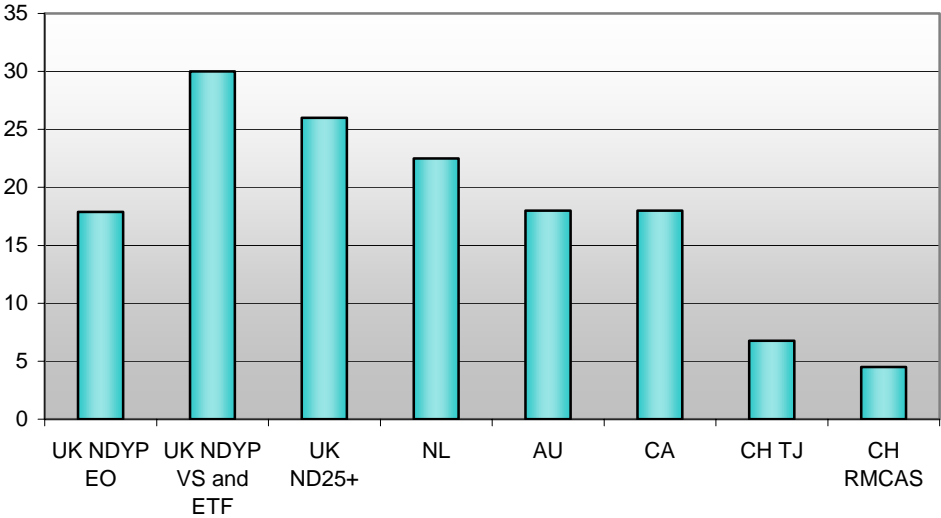
Job search assistance is only a small component of the programs in the Canton of Geneva and almost inexistent in the Work for the Dole program. On the other hand, one day per week is reserved for training and job search in all the New Deal work-based Options and IAP. Job search assistance and training is also an important element of most Work First program, with most program dedicating half a day to one-day to such services. The job search assistance component of the Ontario Works program varies from person to person, but it is mandatory for all claimants to take part in at least two employment assistance activities, thus next to Community Participation most claimants will be involved in job search. Possibilities for training are however very small within the Ontario Works program.

The last indicator for the “product” of the programs is the supervision of the participants in the program. In the UK, all New Deal participants are allocated a New Deal personal advisor who is responsible for them throughout the whole of the three phases of the

program. The participants are also closely supervised by the employer or organisation where they are performing their work-activities. The same is true in the Netherlands, although it also happens that the whole case-management is delegated from the municipality to the private service provider or the employer. This is the case for the Work for the Dole program, where case-management is entirely done by the Community Work Coordinators. The quality of this supervision has nevertheless be praised in many external evaluations of the program. Concerning the supervision of the Ontario Works participants, it has been shown that the case-management is mostly focused towards reviewing eligibility, and not towards assisting in finding a job. Also, supervision at the place of the work-activity is minimal, and not geared towards assisting the participants in returning to the labour market. The lowest scores are found in Switzerland, where case-management from the governmental implementing bodies is minimal. There is also only very little supervision and guidance from the work-activity supervisors, further than supervising the work-activities themselves.

All in all, figure 19 shows that the best performance in terms of output is found in the NDYP VS and ETF options as well as the ND25plus. The NDYO Employment Option scores lower due to its much lower number of participants and use of sanctions. The lowest level of output is found in both programs from the Canton of Geneva, since their number of participant is low and the general quality of the services it gives in terms of Job search assistance / training and supervision is very low.

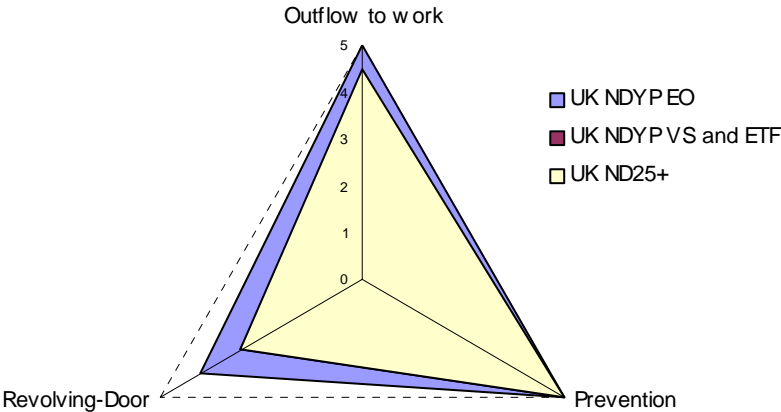
**Figure 19: Surface Measure of Performance - Outputs**



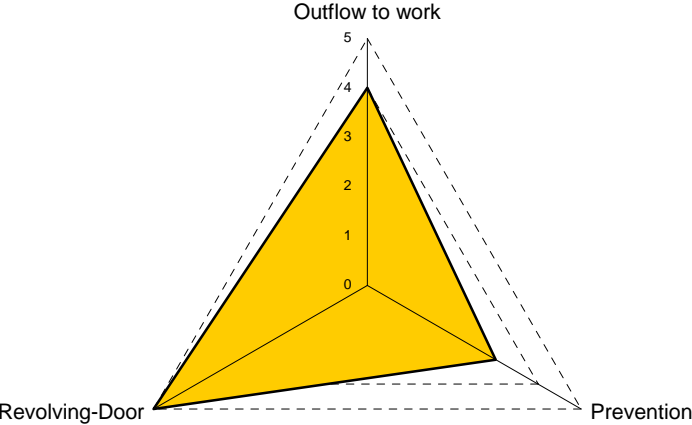
*3.5 The Impact Benchmark*

The impact benchmark consists of three indicators. The first one is the number of participants who found a job during the program or after completing it, which is calculated as a percentage of all participants in the program. The second indicator reflects on the amount of prevention of entry into the benefit the presence of the program has created. In other words, this is calculated using the number of claimants who leaves the benefit or did not pursue their demand for the benefit before the work-based activities starts. The last indicator refers to the revolving-door phenomenon, and calculates the number of participants in the program who remains in the benefit after having taking part in the program, as a proportion of all participants.

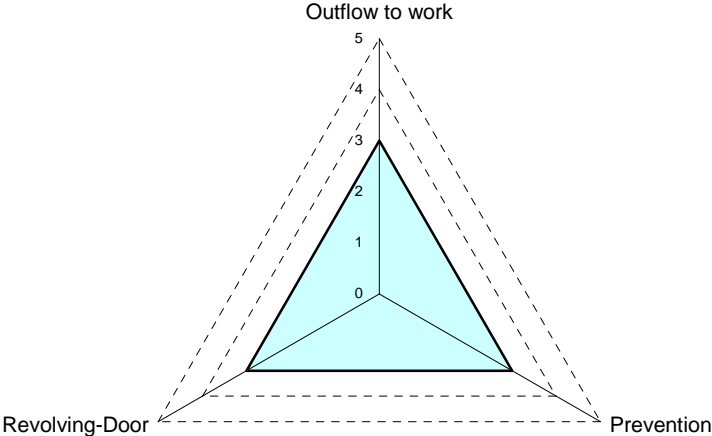
**Figure 20: Impact - United Kingdom New Deal Options and IAP**



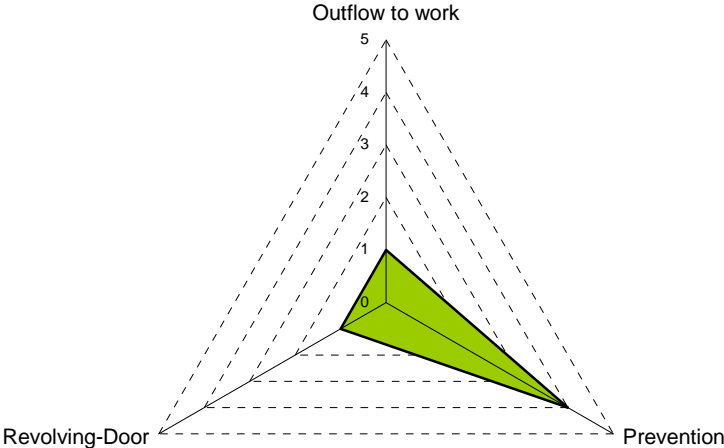
**Figure 21: Impact - Work First in the Netherlands**



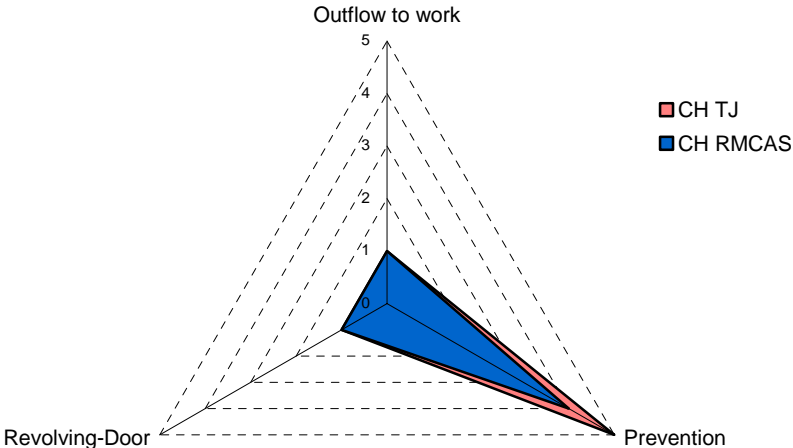
**Figure 22: Impact - Work for the Dole in Australia**



**Figure 23: Impact - Ontario Works in Canada**



**Figure 24: Impact - Temporary Work and RMCAS in Switzerland (Geneva)**



Clearly, the highest outflow to work is found in the NDYP Employment Option, with in 2006 around 68% of participants leaving the program for a job. This ratio was between 40% and 60% for the NDYP VS and ETF Options, the ND25plus Work Placement/Experience IAP and the Dutch Work First programs. In Australia, 3 months after having left the program (and thus receiving intensive Job search assistance) 31,4% of the Work for the Dole participants were in employment. This ratio is much lower when looking at the Ontario Works program, where approximately 12% of all those who claim Social Assistance in one year do leave the benefit for employment. Similarly low exit-to-work is found within the RMCAS benefit, with only 8 % of the claimants leaving for a job each year. Regarding the Terporary Job program, only about 24% of all the participants do not go on to claim a second period of Unemployment Insurance, which is what the program should lead to. Of these 24%, a proportion will probably go on to find a regular job, but a large proportion is also likely to withdraw from the labour market. The program revives the same score as the previous two

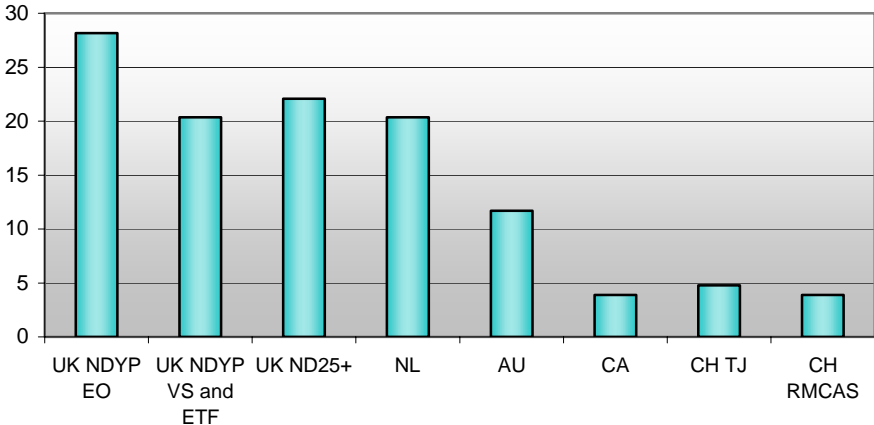


programs because these programs also had a total gross outflow around 20%. This already points towards high value of revolving door within the Swiss programs as well as the Canadian program, since more than 80% of the participants in the work-activities continue to claim their benefit for at least one year. Attention should be given at this indicator since a low level of revolving door receives a high score in the impact benchmark. In the Netherlands, this score is thus the highest, with only around 28% of the participants returning to claim SA after taking part in a Work First project. This percentage is also low in the NDYP Employment Option and ND25+ work-based IAP, between 30 and 40%. This is considerably higher in the VS and ETF Options with around 70% of the participants going to the Follow-Through phase of the program. In Australia, about 60% of the participants are still claiming a benefit 3 months after having left the program (and thus also after having received intensive job search assistance).

The last impact indicator to be discussed is the number of participants who leave the benefit before having to participate in the work-based activities. This indicator is very difficult to compare internationally since some programs actually provide extensive job search assistance to their claimants before they must participate in work-based activities, while other countries require the claimants to start right away. As can be seen from the radar charts, the programs in the UK have the highest ratio of participants who leave the program before they must take part in the options, since about 60% of the participants leave in the Gateway stage of the program. This however cannot only be attributed to a “threat-effect” of the work-based activities, but also to the effectiveness of the provisions in the Gateway. On the other side, the UK programs share the highest prevention score with the Swiss programs, since 40 to 50 % of those who could claim the benefit (those who have ended their rights to UI), actually do not do so. Prevention is also very high in the Ontario Works program, where the strong decline in the caseload in the last 10 years can be almost completely attributed to a strong decline in the rate of entry, and not to an increase in the rate of exit. At last, around 30% of those who are referred to a Work First or a Work for the Dole program do not actually commence the activities, which was the lowest for all the programs in the benchmark, but still very significant.

The impact of each program is thus summarized in figure 25, where it is clear that the British and the Dutch programs reach the highest impact. The difference is rather large when comparing their level of impact with the projects in Geneva, Canada and Australia.

**Figure 25: Surface Measure of Performance - Impact**



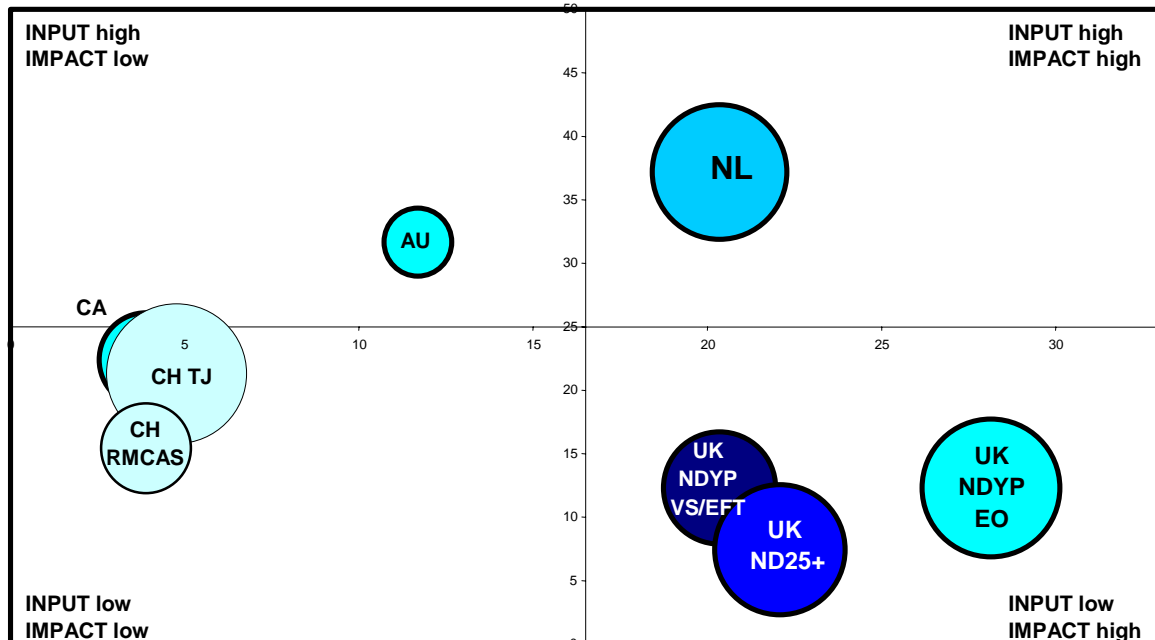
### 3.6 External Factors

Due to time and space constraint as well as the work-in-progress nature of this paper, external factors will only be briefly discussed. As shown earlier, the performance of the programs showed important variations, and the hypothesis could be that external factors could explain these partially, especially factors such as the strength of the economy. Data from the OECD (2008) however show that GDP growth, on average in 2005 and 2006 was actually the highest in Switzerland, Canada and Australia (2,8%, 2,95% and 2,75% respectively, against 2,25% for the Netherlands and 2,3% for the UK). It can thus be concluded that the most obvious external factor which could explain differences in impact, the strength of the economy, actually cannot explain the differences in the impact found in this benchmark.

### 3.7 Benchmark Synthesis

The four SMOP-values derived from the benchmark for each type of indicators can be used to conclude on the effectiveness and the efficiency of each program. Figure 26 show these four SMOP value. The Impact-SMOP is found on the X-axis, and the Input-SMOP is found on the Y-axis. Second, the size of the bubble represents the Process-SMOP, with the bigger the bubble, the most the process is following determinants of success of work-based employment programs. Last, the colour of the bubble is representing the Output-SMOP, with the darker the colour is, the larger is the output<sup>1</sup>.

**Figure 26: Benchmark Synthesis - Input, Process, Output and Impact**



*Figure legend:*

1. X-axis = Impact-SMOP;
2. Y-axis = Input-SMOP
3. SIZE of bubble = Process-SMOP
4. COLOUR of bubble = Output-SMOP (Dark = large, Light = small)

<sup>1</sup> In case of grey scale print, the rank from darkest to lightest blue is the following:  
 UK NDYP VS/ETF → UK ND25+ → NL, AU, CA and UK NDYP EP → CH TJ and CH RMCAS

The definition of effectiveness is the extent to which the objectives of a program are reached. As discussed in the input-benchmark, the main objective of most work-based employment program is to increase the rate of return to the labour market of benefit claimants. This was the strongest in the Netherlands, the United Kingdom and the Ontario Works program in Canada. Even if this objective is less central to the Work for the Dole program, its effectiveness can still be judged against the extent to which its participants find a job after participating in it. In fact, even the Department for Employment and Workplace Relations evaluates the Work for the Dole program by looking at how many persons are employed after completion (see DEWR Annual Reports as well as DEWR, 2006, 2002, XXXX). Concerning the two Swiss programs, the RMCAS program can also be evaluated on its effect on the return to the labour market of its participants, since this is also considered as an objective of the program by official governmental evaluations (see Cunha et. al. 2002 and Fluckliker and Vasiliev, 2003). It is nevertheless the case that the Temporary Job cannot really be evaluated for effectiveness using its return to work ratio, nor its prevention or “exit of benefit” ratio (the opposite of the revolving-door phenomenon). This program has actually for primary objective to create this revolving-door phenomenon. Since about 80% of its participants do end-up claiming federal UI after having taking part in the program, it can be said that, according to its own objective, the program is rather effective. However, seeing the fact that its design fits perfectly the design of programs which do have the objective to help claimants returning to the labour market, it is also possible – and interesting – to evaluate the program against this objective. One could then argue that this rate of return to the labour market is high, while being unintentional. Unfortunately, it is not the case and as already discussed earlier, this program has one of the first rate of return to the labour market. As for the other countries, when measuring their effectiveness against the objective of a high exit-to-work ratio, a high preventive-effect, and a low return-to-the-benefit ratio, the rank other follows that of the Impact-SMOP presented earlier. This can also be seen graphically in figure 26, with the most effective programs on the right side of the graph, and the least effective programs on the left.

Efficiency is defined as the extent of the costs of reaching the objective of a program. The definition of “costs” has to be interpreted differently than usual in this benchmark, since the input relates more to “efforts” than costs. Actually, the best way to see the input in this benchmark is to define them as how much is being put in place for this program to work? From the input-benchmark and from figure 26, it is apparent that the Australian and the Dutch programs have the highest input, thus the most is put in place in terms of legal obligations, governance model and various incentives to make sure the program will succeed. On the other side, the UK programs all have the less input, such that it would be expected that not enough has been put in place to make sure the program will reach its objectives. The Canadian and Swiss programs find themselves in the middle of these, although this is more on the smaller side than on the larger side, especially for the RMCAS program, which is very close to the UK programs in terms of aggregate inputs. By crossing over the two indicators of impacts and input, a four quadrants typology is then formed. In the first quadrants, where both the inputs and the impacts are high, is the Netherlands. This can be said to be an efficient situation, since the “efforts” of “putting much in place” for the success of the program can be said to pay out. This is not the case for the Australian Work for the Dole program, which is then found in the second quadrant, where inputs are high by impacts are low. In the third quadrants, the Canadian program is found as well as both Swiss programs. Interestingly, these programs can also be considered somewhat efficient, since their low impact is compensated by low input. Nevertheless, their level of input was still higher than the UK programs, which actually have achieved one of the highest levels of

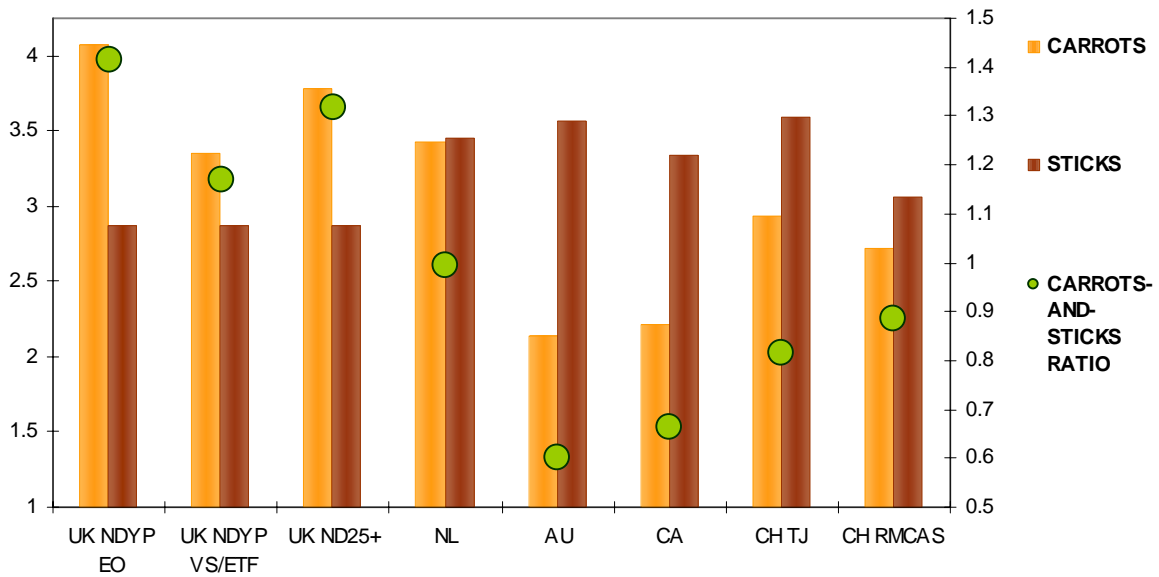
impact. Indeed, the New Deal programs can be said to be the most efficient ones of the benchmark, with very little input and the highest impact.

The efficiency of the New Deal programs can be mostly explained by the combination of high process-efficiency and also high level of output. Indeed, when one looks at the size of the bubble, which represents process, and the colour of the bubble, which represents output, one can see that the last quadrant is made up of relatively large and dark bubble. Interestingly, the bubbles in the third quadrants are also large, but all much lighter, which implies that the size of the bubble does not directly explain the level of impact of a program. As mentioned earlier, the Temporary Job program is the program which has the best process indicators, which would have lead to believe that this program could have had one of the highest impacts. However, the combination of low input and low output seem to explain much more the low level of impact of this program. Yet, the nature of the process does seem to explain some of the variation in input, since the four best performing programs all have rather large bubble-size, which are in all cases larger than the ones of the programs on the left of the figure (with only the exception of the Temporary Job program).

#### **4. The Carrots-and-Sticks Index**

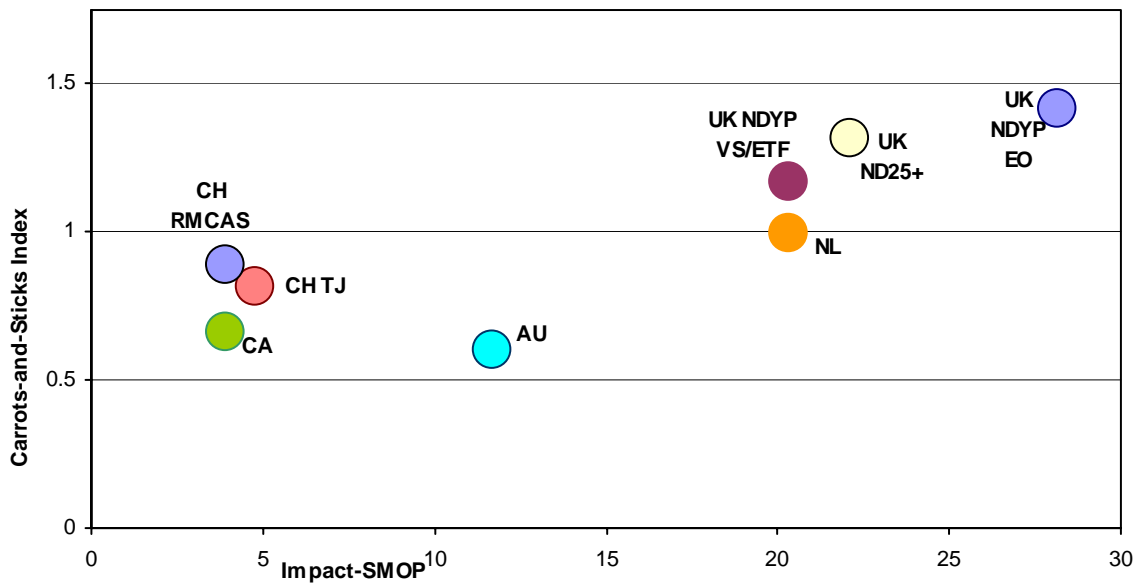
At last, it might be so that another type of distinction is actually able to explain the differences in the impact achieved by the work-based employment programs in this benchmark. As already shown in the previous section, the indicators of the input and the process were organised along the line of the policy-chain, and their “direction” was following general theories on their micro and macro influences on employment. Nevertheless, it is well know from the literature on work-based employment services that these programs contain two distinct type of elements which are meant to “activate” the unemployed. On one side, one finds the positive incentives to find a job, which are also called the “carrots” of the program. These are supervision measures, job search assistance and training opportunities, objectives aiming at increasing the employability of claimants instead of their willingness to work, generous benefits and rewards for participating in the program, as well as a work-environment close to the real labour market which provides meaningful work experience. On the other side are the “sticks” of the program, which are actually disincentives to stay in the benefit, or to not be active in trying to find a job. These are made up of activations conditions and sanctions, timing of the program, number of work hours, program duration, and objectives of a programs targeted at mutual-obligations and increasing willingness to work. When disentangling these indicators from the input and process categories and forming two new categories, namely the carrots and the sticks of the programs, one can then take their average ranking for each country. Large carrots thus mean that the positive incentive structure of the programs is strong and large sticks that the negative incentive structure is strong. It can be so that a program has both of them large, or both of them small, or a combination of small and large in either category. Figure 27 shows the size of the carrots and the sticks for the 8 programs in the benchmark. The green dot then present the cumulative index for the incentives of this program, where the ratio between the carrots and the sticks is given, such that a number above 1 indicates larger carrots than sticks, and a number under 1 the opposite. As can already be seen, those programs which showed the highest level of impact also have the largest Carrots-and Sticks Index. This does indicates that while both types of incentives are important, it is also important to offer more positive incentives than negative ones.

**Figure 27: Carrots, Sticks and the Carrots-to-Sticks Index**



This final conclusion on the influence of the balance of the carrots and the sticks elements of the work-based employment programs is made further clear in Figure 28. In this figure, the x-axis represents the impact of the programs, as calculated by the SMOP, and the y-axis represents the Carrots-and-Sticks Index as calculated above and shown by the green dots in figure 27. The relationship between the size of the impact and the difference in size between the carrots and the sticks is clearly positive. Moreover a regression analysis of these two variables shows a *p*-value which is significant at the 1% level, with an R-squared of 71% and an adjusted R-squared of 66%.

**Figure 28: Carrots, Sticks and Impacts**



## 5. Conclusions

This explorative benchmark of the design and the results of work-based employment programs has to main conclusions. The first one is that just as much as different activations regimes are being defined (amongst other see Sereno Pascual, 2004 and 2007), work-based employment programs all vary greatly from each other. This variation is found throughout the policy-chain, from variation in inputs, to variation in the process, to variation in the output and variation in the impacts. In terms of evaluating these programs, this has lead to identifying four types programs. The first one was made of the Work First projects in the Netherlands, which have high inputs, good process, high output and high impacts, thus being efficient and effective. The second one is made up of the three UK programs, which were similar to the Work First projects except for the inputs which were low. This meant that these programs were found to be the most efficient in creating reaching a high level of effectiveness. The third group was made up the Work for the Dole program in Australia, which was found to be rather inefficient and ineffective because of its high input but low impact. The last group, made up of the two Geneva programs and the Ontario Works program in Canada can be seen as efficient, but very ineffective, since it did not reach its objective, but did so also with very little input.

The second conclusion that was reached by this benchmarking exercise was that the main explanatory factor for the success of the programs was the importance of positive incentives. While all programs had rather high levels of "sticks", the negative incentives, the most effective programs balanced these with even higher "carrots". However, it was also apparent that the program in Australia, which had the combination of the largest sticks and the smallest carrots did reach better results than those programs which had large sticks and only slightly smaller carrots. This would indicate that if negative incentives should be larger than positive incentives, the differences between these needs to be quite large in order to reach higher level of impacts, but that this level of effectiveness will still be much lower than those programs with large positive incentives.

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