Benchmarking carrots and sticks: developing a model for the evaluation of work-based employment programs

Castonguay, J.

Citation for published version (APA):

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Social benchmarking is an evaluation method in which the performance levels of different public social programs are compared, either relatively to each other or to an absolute value. The first part of this research discusses the use of social benchmarking for the evaluation of active labour market policies. This part also develops a social benchmark model, which can be used to assess the performance of active labour market policies in general, and work-based employment programs in specific. The second part of this research consists of the actual benchmarking of the work-based employment programs in five countries: Australia, Canada, the Netherlands, Switzerland and the United Kingdom.

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Benchmarking Carrots and Sticks
Benchmarking Carrots and Sticks
Developing a model for the evaluation of work-based employment programs
Promotiecommissie

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Faculteit der Rechtsgeleerdheid
Acknowledgments

After finishing my master thesis, I was firmly determined to do a PhD. I have not regretted this decision ever since, and I would make the exact same decision knowing what I know now about the ups and downs of the life of a PhD candidate. Not to say that it was all easy, on the contrary, but I really did enjoy the process of researching a topic which truly mattered to me. Also, a lot of people made a huge difference in how I experienced being a researcher, and I would like to remind them here how thankful I am for their support in these last four years.

I could not have imagined a better trio to supervise me in my research and my discovering of the academic life than Evert, Els and Mies. I walked out of every meeting we had with even more inspiration and more confidence than I had when I walked in, and I am sure this is very exceptional. I was lucky to be able to benefit from Els’ impressive knowledge of labour market issues and the richness of her network in both the academic and the policy-making worlds. Without all the time and energy she devoted to the Benchmark Work First, this dissertation would not have been the same and I am deeply thankful to her for this. I was also very lucky to be able to count on Mies for her critical reading of anything I presented to her, which always helped me improve my work and also made me grow as a researcher. She surely broadened my understanding of social policies and allowed me to see how crucial the juridical domain can be to this field. And at last, I am more than thankful for having Evert as my “promoter”, for his sound guidance and kind ear during this roller-coaster adventure. I always felt that he believed in my potential as a researcher, and that I could always count on him to erase any small or big concerns I would have not only with regards to the content of my research, but also concerning academic life in general.

My best advice to anyone considering writing a dissertation would be to make sure one is surrounded by a group of inspiring colleagues. I am very grateful that I had the opportunity to undertake my PhD at the Hugo Sinzheimer Institute, with its collection of researchers from various fields who all share a common passion for anything having to do with labour. I thank all of you for broadening my horizons and sharing your knowledge with such openness. A special thanks to Johan and Nuria, who made the best roommates in the world and motivated me with their hard-working spirit.

As already mentioned above, this research would have turned out completely differently without the Benchmark Work First. I do therefore
want to express my gratitude to Hanneke Van Lindert and Yvonne van Amstel, who made exceptional teammates in this adventurous project. I had a really great time working with them, and I learned a lot from their high level of experience and knowledge. I wish them the best of luck with all their future research projects.

Teaching is a wonderful opportunity to somewhat get away from one’s research without completely leaving behind all things having to do with one’s topic of interest. I found the experience of teaching to be extremely fulfilling and exciting, and I cannot thank Paul de Beer enough for allowing me to participate in some of his courses. I learned a lot from him, as he always found a way to make his lectures captivating and dynamic.

Writing this PhD was a colossal task, which at some occasions seemed impossible to achieve. Other times, I could not stop writing because I was so full of new ideas. Uncertainties and fears as well as joy and excitement followed me well into the life I share with Joris. But as I rocked those waves, he always gave me enough space for those ups and downs, while at the same time making sure I would not drift away too much in either direction. Thank you for being so supportive and understanding, and for sharing some of your incredible strength with me so that I can look back and think that this was all really worth it.
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<th>Description</th>
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<tbody>
<tr>
<td>ALMP</td>
<td>Active labour market policies</td>
</tr>
<tr>
<td>CAN</td>
<td>Canada</td>
</tr>
<tr>
<td>CEO</td>
<td>Cantonal Employment Office of the Canton of Geneva</td>
</tr>
<tr>
<td>CH</td>
<td>Switzerland</td>
</tr>
<tr>
<td>EO</td>
<td>Employment Option of the New Deal for Young People (United Kingdom)</td>
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<tr>
<td>ETF</td>
<td>Environmental Task Force option of the New Deal for Young people (United Kingdom)</td>
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<tr>
<td>JSA</td>
<td>Jobseekers’ Allowance (United Kingdom)</td>
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<td>JSA</td>
<td>Job search assistance</td>
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<tr>
<td>NDYP</td>
<td>New Deal for Young People (United Kingdom)</td>
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<tr>
<td>ND25 plus</td>
<td>New Deal for 25 plus (also ND25+) (United Kingdom)</td>
</tr>
<tr>
<td>NL</td>
<td>The Netherlands</td>
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<tr>
<td>NPM</td>
<td>New Public Management</td>
</tr>
<tr>
<td>NSA</td>
<td>New Start Allowance (Australia)</td>
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<tr>
<td>OW</td>
<td>Ontario Works (Canada)</td>
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<tr>
<td>RMCAS</td>
<td>“Revenu Minimum Cantonal d’Assistance Sociale”, a work-based employment program from the Canton of Geneva.</td>
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<tr>
<td>SUWI</td>
<td>“Wet Structuur Uitvoeringsorganisatie Werk en Income”, Dutch act on the implementation structure for work and Income</td>
</tr>
<tr>
<td>TJ</td>
<td>Temporary Job program in Geneva (Switzerland)</td>
</tr>
<tr>
<td>UK</td>
<td>United Kingdom</td>
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<tr>
<td>VS</td>
<td>Voluntary Sector option of the New Deal for Young People (United Kingdom)</td>
</tr>
<tr>
<td>WfD</td>
<td>Work for the Dole (Australia)</td>
</tr>
<tr>
<td>WF</td>
<td>Work First programs in the Netherlands</td>
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<tr>
<td>WWB</td>
<td>“Wet Werk en Bijstand”, Dutch act on work and social assistance</td>
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1. Introduction

1.1. Introduction to the research question

“Give a man a fish, you have fed him for today. Teach a man to fish, and you have fed him for a lifetime”. This proverb illustrates well the way countries nowadays see their role in assisting those who cannot achieve economic sufficiency on their own. Indeed, one way assistance can be provided is by handing-out social benefits to those with a very low income. However, this only solves the problem on a short-term basis: those with no income are able to cover their basic needs and maintain a minimum standard of living. It was soon clear for many governments that this short-term solution could be surpassed by a longer-term vision on assisting the needy. As a result, a wide range of services has been created in order help the unemployed in becoming self-sufficient through entering the labour market, called “active labour market policies” or “ALMP”. Over time, these employment policies have evolved to become comprehensive governmental programs. In fact, spending on ALMP amounted to 0.6 % of GDP on average in all OECD countries in 2003 (OECD Social expenditure database, 2008). Countries such as Sweden, Denmark, the Netherlands, Germany and France spent as much as 1.1 to 1.6% of GDP on those active measures in 2003 (OECD Social expenditure database, 2008).

Whether this public spending on active labour market policies is achieving its objective is, however, questionable. As discussed by Martin (2000), macro-level empirical research on the link between spending on ALMP and decreases in unemployment rates remains inconclusive. Since evidence of efficiency was not found at the macro-economic level, many countries turned to evaluating programs on a micro-economic level. These micro-level evaluations have as their objective to discern the best intervention strategies by looking at which programs have the highest impact on the rates of return to the labour market of the participants. This is mostly done through looking at the effect of ALMP programs on the chances of the participants to find a job on the labour market, usually by means of econometric estimations. One would then expect that evaluations of ALMP show that participation in an employment program will largely increase the chances that a benefit claimant will find a job.

The methodology for evaluating employment programs at a micro level is still being developed into increasingly sophisticated econometric modelling techniques. The rapid pace at which these developments have
recently been happening has for consequence that no consensus has yet
been reached on the proper methodology to be used (Smith, 2000). As a
result, evaluations often contradict one another on whether ALMP can be
said to be effective or not. While some evaluations show that chances to
find work are increased by ALMP, others actually find that the chance the
claimant will leave the benefit is actually decreased by ALMP. Other
studies fail to find any significant effects of ALMP on the odds to find
work. De Koning, Gelderblom, Zandvliet and Van der boom (2005, p. 25)
reviewed a total of 130 micro-level evaluations of active labour market
policies, and estimated that on average it can be expected that
employment programs increased the chances of finding a job by 5 to 10%.
Clearly, if active labour market policies have a positive effect on
employment prospects, these are in any case rather small.

There seems thus to be a need for new evaluation methodologies, which
would foster a better understanding of whether active labour market
policies are working or not. But most importantly, the question of what
works, in which conditions, and for which target groups, should be what
these new methodologies will focus on. In reality, it should be obvious
that it is not a matter of whether ALMP work or not, but why they
succeed or fail. Policy-makers who are looking to make the right choices
in designing their programs do not gain much knowledge from only
knowing that their programs will most likely only have a small impact on
the chance that their participants will find a job. On the other side, the
question these policy-makers are looking to answer is how to maximize
effectiveness and efficiency within their given circumstances. Methodologies thus need to acknowledge differences in policy design and
implementation as well as exogenous factors in order to better highlight
the cause of varying levels of effectiveness and efficiency. Knowing what
works would then allow for the design of effective and efficient programs
based on these best-practices.

This debate on the effectiveness of active labour market policies
supplemented the already well established neo-liberal criticism that
interventions on the supply-side of the labour market are economically
inefficient. Questioning of the need for government intervention in the
labour market coincided with a trend of large amplitude in the area of
public governance: New Public Management (NPM). According to this
governance model, governments are inherently inefficient at delivering
goods and services because of the lack of competition. Solutions to this
were found in giving the right incentives for efficient service delivery,
which were to be implemented by: 1) decentralisation; 2) integration and
coordination; and 3) new management techniques and contractualism
(Finn, 2000). Moreover, New Public Management introduced new ideas
on how to look at the public sector, and also brought new methods and instruments for the analysis of policy and government actions. Evaluations of existing programs in order to facilitate evidence-based policy making has therefore become central in the way decisions are taken regarding the design and implementation of social programs. Hence, according to New Public Management, only intervention strategies which have been proven to be efficient and effective should be implemented on a large scale. As a result, New Public Management created the need for instruments that facilitated the replacement of a legal-bureaucratic basis of government decision making by a system of decision-making based upon a code of performance (Considine, 2001).

Benchmarking is one of the concepts that were introduced to the public sector through New Public Management. Benchmarking is an evaluation method in which the performance levels of different organisations are compared, either relatively to each other or to an absolute value. However, instead of comparing performance based on the production chain as is done through traditional benchmarks in the private sector, social benchmarks compare elements of public policy. The key feature of social benchmarks is that they allow for the identification of performance gaps such that the explanations behind best and worse practices can be identified. This already hints towards their potential usefulness for evaluating active labour market policies.

Indeed, in the last years, benchmarking has become a very fashionable evaluation tool in the field of public administration. As a result, it is gradually being introduced into the field of social policy. A well known example of social benchmarking is the European Employment Strategy of the European Union. In addition, Schütz, Speckesser and Schmid (1998) developed a simple benchmark model 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 only recently fairly unanswered. The models which are currently available for benchmarking social policy remain rather basic, and do not easily point to why different performance levels are being reached. This is the case of the European Employment Strategy, which only presents indicators on the results being reached by countries, without measuring the approach being used to attain those results.

Seeing the need for innovative research methodologies to find out what works and what does not work in the field of active labour market
policies, social benchmarking could prove to be a useful instrument for researchers, evaluators and policy makers alike. The central question to be answered by this research is thus: Is benchmarking a useful instrument for evaluating labour market policies, and if so, how should it be used? The aim of this research is thus to propose a social benchmark model which can be used to measure the performance of active labour market policies in order to identify the elements of success of well performing programs.

However, by only presenting a model through which ALMP could be benchmarked, the question of “how to benchmark ALMP” would only be partially answered. This is because many questions could then remain as to the feasibility and possible culprits of the method in a real research setting. As a result, this benchmarking exercise will provide a good example of what are the advantages of such a methodology. This will moreover show what can be achieved by social benchmarking which cannot be done through other research methods. Hence, the often used proverb of “the proof of the pudding is in the eating” also applies to the construction of this social benchmark model. This way, clearer recommendations can be made on how to use the model for evaluations and it will also be possible to highlight the promising aspects of benchmarking for active labour market policies. Furthermore, the limitations of the methodology can be more easily exposed through putting it to the test in this research. As a result, this research will carry out an international benchmark of a specific active labour market program.

The choice of the specific program to be benchmarked is guided by the increased focus on activation policies and the regain of popularity of “workfare” types of programs. In a context where the efficiency of public spending on labour market programs is heavily questioned, many programs have been designed to focus on the return to the labour market rather than on updating the qualifications of the unemployed. While some countries give the name “workfare” to these programs, other countries prefer to speak of “work first” programs or use other expressions. This research chooses the term work-based employment programs in order to point out the centrality of the work-activities as the common factor within all these programs. As a matter of fact, these programs have the common features that they require the participants to take part in some type of mandatory work-activities. However, this does not mean that these work-activities are the only provisions within work-based employment programs. On the contrary, these types of programs often also provide job search assistance and training, although this may be of varying intensity from one program to the other. Around the world, examples of work-based employment programs are the New Deal for
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 performs the best. In addition, the determinants of good performance of those types of programs are still not clearly understood, such as the impact of sanctions on the rate of exit to work of the program. Actually, even thought most programs found around the world imported some aspects from popular American workfare programs in California and Wisconsin, the programs set up within other countries around the world all vary greatly in their approach. 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 at compiling their evaluation results. However, they did not proceed to a direct comparative evaluation of their results; neither did they attempt to correlate the different approaches to specific levels of performance.

Considering the growing attention given to work-based employment programs and the amount of criticism they face, it is important to quickly remedy this lack of information on the precise approach found in those countries and the different results attained by these different approaches. Through the use of the social benchmark model, this research will thus also aim at contributing to the body of evidence concerning the performance of work-based employment programs around the world. In view of important selection criteria, such as the level of development of the program, the availability of data on results and design, and the similarity in social security system behind the programs, the programs in five countries were selected to be taking part in the benchmark. Those are: the New Deal for Young People and the New Deal 25plus in the United Kingdom, Work First projects in the Netherlands, Temporary Jobs and “Revenu Minimum Cantonal d’Assistance Sociale” in Geneva in Switzerland, Ontario Works in Canada, and Work for the Dole in Australia.

The thesis will thus be made up of two parts, the first part dealing with the research question from a theoretical perspective, and the second part from a practical perspective. The first part will thus be centred on the building of a social benchmark model. Chapter two will answer, on a theoretical basis, the central research question of how to use
benchmarking for evaluating active labour market policies. It will do so first by looking at the definitions, methods and theories of benchmarking that can be found in the management science literature and in evaluations of active labour market policies. It will then present a model of benchmarking, which will allow the comparison of the performance of different labour market programs and make it possible to reveal the determinants of success and failure of such programs. Second, the need for innovative evaluation methodologies will be presented, which will highlight the need for a benchmark of work-based employment programs. As will be shown, this will be achieved through a social benchmark model based on the policy-chain. The benchmark will thus include performance indicators of the input, process, output, impact and exogenous factors for each program. However, without more knowledge of the specific program to be evaluated, these five categories of indicators cannot be fully filled-in with appropriate indicators. This is because the choice of many key performance indicators is dictated by the precise type of program to be evaluated. This is especially true when looking for indicators concerning the process of the program, since these will vary greatly according to the characteristics of each type of program.

Work-based employment programs will therefore be introduced in chapter three. Firstly, these types of programs will be put within the broader context of activating labour market policies and an operational definition will be given. Secondly, the theories behind the intervention strategy of work-based employment programs will be discussed, and a three-dimensional intervention strategy will be presented. According to this three-dimensional intervention strategy, the various components of work-based employment programs attempt to increase the ability to work and/or the willingness to work and/or the access to work. The use of two types of instruments, positive and negative incentives, will be discussed in the last section of this chapter.

Chapter four will finalize the benchmark model and answer the questions of which performance indicators should be taken into account when benchmarking work-based employment programs. The benchmark model presented in chapter two, which is also based on indicators of input, process, output and impact and exogenous factors, will then be filled-in with the relevant performance indicators for each of these categories. For each indicator, this chapter will present a discussion on the way it should be measured and compared between the different countries. Chapter five is the last chapter in this first part of the research. It will present some conclusions on the use of benchmarking for the evaluation of labour market policies.
Chapter six to ten will make-up the second part of the research, each discussing one of the five categories of indicators from the policy chain. Each of these chapters will tackle the qualitative analysis of the indicators as well as the quantitative benchmarking of these indicators. Chapter eleven will conclude part 2 of the research. It will aggregate the findings in the five benchmarks in the previous chapters and will thus answer the second research questions by discussing which approach to work-based employment programs performs best on an overall level when taking each part of the policy-chain into account. Efficiency and effectiveness will be discussed, and the reason why they differ in each program will be presented, through the presentation of the determinants of success for work-based employment programs.

The last chapter, chapter twelve, will formulate some general conclusions and provide recommendations. These will regard the social benchmarking methodology developed in the research as well as the main lessons from determinants of success of the work-based employment programs found in this international benchmark. One major point of discussion will be the linkages between methodological developments, data availability, the needs of policy-makers for evaluation results, and the general objectives of activation programs.

The context of this research was only superficially touched upon in this section. Two trends in the field of labour market policies where introduced, being the increase in the use of activating mechanisms in labour market programs, and the reform of social security systems towards a new mode of governance called New Public Management. The next section will discuss these two trends in more detail, as they form the context in which this research is performed. The last section will then discuss the limitations of this research and the choices made with respect to the countries and the programs included in the benchmark exercise in part 2.

1.2. Trends in labour market policies: New Public Management and Activation

Welfare state reform is a topic that has animated policy makers and academics for already a couple of decades. Since the end of the 1980’s it had become clear that the social security systems as they were set up in the booming years of the 50’s and the 60’s would not be sustainable in the rapidly changing socio-economical context of the time. Amongst others, fiscal pressures as well as fears of slowing down economic growth
through disincentives to work brought most countries to welfare state reform. Although the subject of these reforms varied widely, two broader themes can be identified.

The first common theme of these welfare state reforms is the change of mode of governance from a bureaucratic model towards what is called New Public Management (NPM). Actually, this reform theme does not only touch the domain of social policies, but all functions of governments. Indeed, through New Public Management, the end of governments as bureaucratic organisations is becoming unmistakable. This traditional mode of governance was found to be considerably inefficient at delivering services to the public. This high level of inefficiency was thought to be mainly caused by the lack of incentives brought about by competition and rent-seeking behaviour (Lunsgaard, 2002). Furthermore, the top-down inflexibility of centralised bureaucracies and the fragmented structure of government agencies were also blamed for the inadequacy of the bureaucratic governance system (Finn, 2000).

The government’s chronic inefficiency was nevertheless thought to be curable by requiring the government to adopt an entrepreneurial attitude (Considine, 2001). By mimicking the way the private sector achieves efficiency and effectiveness, proper incentive structures would be set in place, which would improve the efficiency of the public sector. New Public Management (NPM) thus created these structures by initiating the privatisation of service delivery, the decentralisation of decision making and an individual-centred response to the public needs (Considine, 2001). Finn (2000) also distinguishes these three trends set in motion by NPM, being in his words the trend of decentralisation; integration and coordination; and new management techniques and contractualism. To this can be added the increased need for legitimization of government intervention on the labour market, which is an indirect effect brought about by New Public Management.

The move towards New Public Management certainly shook the foundations of the need for governments to provide for public goods. Government interventions in the market were made questionable, especially in areas where concrete proof of efficient service delivery was absent. The question of “how much government should there be” thus forced public officials to legitimise their necessity. The increased focus on efficiency meant that policy-makers were to implement policies which were proven to work, and for which public funding was justified. In other words, evidence-based policy making is quintessential to New Public Management. Evidence-based policy making refers to basing decision-making not on opinions but rather on empirically proven
theories. The rise of NPM and the increased focus on evidence-based policy making thus meant that evaluations were increasingly needed on the programs being delivered by the government. Nowadays, instead of basing decision-making on pre-defined rules and standard procedures, decisions are made on the condition that they guarantee the highest level of effectiveness and efficiency. As a result, the introduction of New Public Management created new needs for instruments which would facilitate policy-making based on what is proven to work. Evaluations can be very useful in this case if they allow identifying best-practices. Benchmarking as an evaluation tool can thus play a central role in New Public Management. Social benchmarks are not only able to disclose what works best, but are able to link up the design of those programs with the results they attain.

Furthermore, as chapter two will discuss in more details, the properties of benchmarks will also allow for the creation of appropriate incentive mechanisms for reaching the government’s efficiency goal. As mentioned above, lack of appropriate incentives for efficiency within government organisation was also highlighted by New Public Management. Through creating conditions which resemble those found on the market, it is expected that government will become more efficient in delivering public services. Hence, besides providing evidence-based research results, benchmarking can also be used to directly influence the productivity of the government. Indeed, benchmarks can be used in four different ways to stimulate efficiency (Henri, 2004). First, it can be used to monitor performance and thus create a competitive playing field. Second, it can be used to support strategic decision making through mutual learning. Third, benchmarking can also be instrumental in conveying goals and results to front-line workers. And fourth, it can be used to legitimize past actions and decisions, through providing evidence-based research results. Chapter two will discuss these properties of benchmarking in more details.

The field of labour market policy was of course not oblivious to NPM and many reforms took place in most industrialised countries. As discussed earlier, doubts concerning the efficiency of ALMP programs lead policy-makers to increasingly look for approaches which were already ex ante proven to work. In many countries, service delivery was privatized, one-stop-shops were created which joined benefit claims together with employment services, financial incentives were given to the lower government levels in order to raise the levels of efficiency, and assistance to the unemployed was to be provided in the most efficient and effective manner possible. For elaborate research on these NPM reforms of the delivery of active labour market policies see, amongst others: Considine,
The second trend in reforms of active labour market policies refers to the move towards a pro-active participation of the unemployed in their return to the labour market. Indeed, as is well known, a shift from passive to active labour market policy took place throughout the 1990’s. Nowadays, most industrialised countries do not solely distribute social assistance benefits, but have implemented reforms in order to actively assist the unemployed in returning to the labour market. This reform of passive labour market policies was based on the fact that unemployed individuals were not finding new jobs as quickly as anticipated since unemployment and especially long-term unemployment kept on increasing in Europe in the 80s (Martin, 2000). The OECD, with its Job Study which was released in 1994, highly recommended all its member countries to speed up the shift from passive benefits to active labour market policies. Similarly, the EU’s European Employment Strategy also clearly stresses the need for active labour market policies in order to fight unemployment. The success of ALMP in Sweden was clearly influential to this movement, even though these were part of a much more comprehensive labour market intervention model involving fiscal and monetary policies as well as wage-setting coordination mechanisms (Dostal, 2008). In any case, targeted interventions in order to increase the skills of labour such that it better matches demand on the labour market was deemed by the OECD (1994) to be an important solution to rising unemployment levels.

A reform of labour market policies was therefore set in motion in many countries inside and outside Europe, and it was made clear that unemployed individuals needed help, either with the simple act of “finding” a job, or with their ability to be productive in the labour market. The OECD differentiates between five different categories of active labour market programs (Martin, 2000). The first category is public employment services and administration, which refers to job search assistance and benefit disbursement functions, which are usually undertaken by the government body responsible for the benefit scheme. The second category is labour market training, which is separated into vocational training and (re)training of skills for the unemployed on one side, and life-long learning programs for those who are already employed on the other side. Third, youth measures comprise of vocational training for school leavers as well as targeted training and work experience programs for the young unemployed. The fourth category is subsidized employment, which includes hiring subsidies, job creation programs, as well as assistance for those who wish to start their own enterprise. At
last, measures for the disabled are also included in ALMP, and are made up of vocational rehabilitation for those who are still able to work but need re-training and assistance, and sheltered workplaces for those who are able to work but require a different working-environment than what is found on the regular labour market.

On average in all OECD countries, the rate of participation of the labour force in active labour market programs increased by 60% between 1990 and 1997 (Martin, 2000). However, the success of active labour market policy was questioned, since researchers were not able to find unambiguous effects of the programs on the rate of return to the labour market, especially for the long-term unemployed (Martin, 2000). The increase in the labour force participation rate could have very well come from other factors such as economic growth and changes in care and work patterns, which allowed more women to enter the labour market, and thus not from the direct activation of the unemployed. In fact, long-term unemployment rates remained high in many countries, despite the reforms of the passive benefit system. In addition, the costs of active labour market policies were perceived to be high in comparison to what seemed to be meagre results, which prompted policy-makers to look for alternatives.

This dissatisfaction with the impact of active labour market policies forced policy makers to look for policy alternatives. Much research showed that especially training had a negative impact on the rate of return to the labour market, since it actually “locked” the participants in a program for a period of time, such that they would not look for work and leave the program before they had completed it. This is understandable since these programs only provided a return-on-investment when the formal qualification or training certificate was received. Also, one can imagine that once a participant was well under way to receive his/her diploma, quitting before the end would mean that the study effort would have been for nothing. Hence, policy-makers were trying to look away from typical training provisions towards provisions which would make sure that the unemployed could leave at any time, or even better, as soon as possible. The OECD (2006), in its review of the 1994 Job Study, therefore asserted that a move was necessary from active labour market policies towards activation policies.

The move towards activation policies involved a marked increase in conditionality in the benefit scheme, which has lead to an increased activation of the unemployed. In more concrete words, the unemployed are increasingly expected to actively look for work and actively participate in any program that can help them in finding a job. The
intervention strategy of ALMP assumed that the problem of unemployment was caused by a mismatch between the supply and the demand of labour and this could be alleviated through improving the skills and qualifications of the unemployed as well as providing job search assistance. However, activation policy is shifting the problem of unemployment from the economic domain towards failures on an individual basis (Serrano-Pascual, 2007a). Undeniably, failures to be willing to work are seen now as central to unemployment, which can be seen as being caused by too low (financial) incentives to take-up work, or because the unemployed are trapped in a culture of dependency where work is not viewed as a personal duty (Serrano-Pascual, 2007b). In fact, there is clearly an increase in seeing unemployment as a failure of the social contract, in which the right to social benefits implies a duty to search for work. Many authors have indeed presented thorough analysis of this shift towards increased reciprocity and conditionality and the consequences of such shifts for social welfare and social justice. See, for example: Serrano-Pascal and Magnusson (2007), Holden (2003), Paz-Fuchs (2008), Deacon (2006), Shaver (2002), Deacon (1998) Classen and Clegg (2007), Freedland and King (2003).

These two trends that have affected active labour market policies are undoubtedly related to each other. New Public Management’s focus on efficiency is linked to the trend of activation, since the NPM reforms of the benefit schemes are meant to foster a prompt return to the labour market. As mentioned by Bredgaard and Larsen (2007), it is not always clear whether some reforms are meant to make service delivery more effective or to make changes in the policy content. For example, the use of private providers for the delivery of employment services can be justified by the need to increase competition, but also by the need to move away from a “softer” governmental culture, which was, in many countries, long focused on finding the best solution for each unemployed with less attention to the rights and duties of the unemployed.

Clearly, this international benchmark of work-based employment programs has its place within both of these trends. As already mentioned, it provides a useful instrument in order to fulfil the objectives of New Public Management. First, as will be shown in more detail in chapter two, social benchmarking provides answers to questions regarding what policies are working best and for which reason. This type of evidence-based policy-making is essential to New Public Management. Secondly, by providing a mean for managers to foster efficient public service delivery, social benchmarking can itself assist in public management functions.
Moreover, by benchmarking work-based employment programs, this research can also contribute to the evaluation of activating policies. Indeed, the increased use of conditionality is not happening without any debate on whether such harsher policies will be more effective in assisting the unemployed in entering the labour market. Thus, by touching on both the subject of welfare reform through New Public Management and the increased conditionality in activating employment policies, this research will contribute to a wide number of debates in which new perspectives are very much needed.

1.3. Choices and limitations within the research framework

The question of how to explain that participants do – or do not – find jobs on the labour market is found in the background of every evaluation of labour market programs. Movements between employment and unemployment are very complex phenomena, which can be looked at from many levels and many disciplines. On one side, explanations for unemployment can be found simultaneously within the individuals themselves and within the labour markets and social institutions in which they take part. Organisations delivering the programs can also influence the ease at which transitions to work take place. On the other side, work as a research topic is also not confined to only one domain, but is commonly shared by economists, sociologists, political science researchers, legal researchers, psychologists, and many more social and human sciences. These various domains produce a large grid of hypotheses on the topic of work and unemployment, which all provide some answers to why certain programs might be more effective than others at assisting the unemployed in finding work.

A multi-disciplinary approach to evaluating labour market policies is therefore most appropriate for this benchmark. By not restricting the evaluation model to one discipline when searching for elements of success of programs, this research will be able to benefit from a much larger body of knowledge on the relationship between unemployment and employment. Consequently, this benchmark will attempt to have a broad vision on how individuals are affected by their participation in the work-based employment programs, and on how macro-level institutions interact with meso-level organisational dimensions to affect the rate of success of the programs.
Even though legal elements have increased in importance within the provision of employment assistance, the legal dimension is often taken as given by many evaluations, or it is only analysed through secondary sources. In this benchmark, laws and regulations will be compared directly in order to include them as potential factors that lead to the success or failure of the programs. The trend of activation has indeed increased the focus of legal instruments in labour market policies in order to stir the unemployed into what are deemed as appropriate actions. Eligibility for unemployment benefits is increasingly conditional on actively searching for jobs and on the participation in an active labour market program. These conditions are grounded in social security legislation. Furthermore, in order to enforce those conditions, the legislation makes use of sanctions which reduce or withdraw the claimants' benefits in case they do not comply with the requirements. Besides social security law, labour law and, in particular, employment protection legislation also plays an important role in explaining movements between work and unemployment.

Nevertheless, such a broad view on the theme of work and unemployment does bring some limitations. An inventory of all possible hypotheses concerning unemployment, from all levels and all disciplines, will not be attempted. Chapter three will present a model for analysing the intervention-strategy of work-based employment programs, which will be used to constrain the number of elements that will be taken into account when evaluating the programs in the benchmark. In addition, while legal elements of the programs and social security systems will take a role in the evaluation, these will not be assessed from a juridical perspective. In other words, this research does not intend to answer questions on the legality and legitimacy of those laws and regulations. Such answers would require a different type of analysis of those elements, which is not possible within the scope of this benchmark. This also means that the subject of the right to unemployment benefits and the question of whether activation could undermine this social right will not be part of this research.

The second limitation of this research regards the countries and programs that can be included in the benchmark. 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 countries. The main reason for this lack of comparability is the fact that only a 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 types 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, as presented in the first section of this chapter, even within Europe different regimes of activation can be identified (Serrano-Pascual, 2007b). 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 a ‘work-based employment program’.

The intuition that “workfare” is gaining ground in many countries is thus mostly based on the fact that its rationale is increasingly acclaimed in political discourse. 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 this program can be defined as a work-based employment program. Furthermore, much confusion and overlap is present in the literature on what are often called workfare programs. Often cited work such as from Peck (2001), Lodemel and Trickey (2000) and Handler (2004) all show titles referring to international comparisons of workfare programs, even though the programs they review in most cases do not include the “work for welfare” element which would be expected. This gives an impression that many countries actually use workfare as part of their ALMP strategy.

The fact that only a few countries 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. Since it is well known that a successful program cannot simply be copied to another country in order to guarantee its success there as well, a benchmark will facilitate mutual learning by allowing taking into account the differences in the context of each social program.
Some countries have nevertheless made some initial steps towards the implementation of mandatory work-based programs. In many cases, 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, which, in its 2007 budgets, has created new provisions for long-term unemployed that require them to take part in work-placements (Lundberg, 2007). Moreover, many countries have increased the use of various elements of work-based employment programs, such as the increased use of sanctions and the increased 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).

Around the world, a few countries did implement fully-fledged work-based employment programs which could then be included in this benchmark. These 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” (RMCA5) and the temporary job program in the canton of Geneva in Switzerland, Ontario Works in Canada, and the Work for the Dole in Australia.

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

In 1997, the new Blair government committed to significantly decrease unemployment amongst the young and the long-term unemployed and launched a number of active labour market policy programmes known as the New Deal programs. The New Deal for Young People (NDYP) is mandatory for Jobseekers’ 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 New Deal for Young People (NDYP). A similar arrangement, the “New Deal 25 plus” (ND25plus), has been created for Jobseekers’ Allowance (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 consists 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” that consist of work-activities will be benchmarked. This thus means that for the NDYP, the Employment Option (EO), the 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 taking part in the NDYP Employment Option are working for regular employers and receive a regular salary which is subsidized for the employer. On the other side, those in the Work Experience/Placement in the ND25plus as well as 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, and last for 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 others, 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 expected results and that 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 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 their success in other countries was becoming well known by municipal policy-makers, Work First projects were quickly implemented in many municipalities. Since Social Assistance is decentralized to the municipalities in the Netherlands, we cannot talk of a single Work First
program, but instead, of 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 that is means-tested. The program is mandatory
on a part-time basis for those who are unemployed for more than six
month. The program lasts for 6 months, in which claimants must on
average work 12 or 15 hours per 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. The main objective of
Work for the Dole is 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, besides providing financial
assistance to the needy, is promoting self-reliance through employment,
while also providing 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 activities. 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 receiving their
benefit and receive an allowance for incurred costs (such as
transportation, protective clothing, etc). The work-activities take 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 that was previously
characterised as voluntary by the organisation. Self-initiated placements
are also possible in 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 of 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 sends him/her 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. 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 that 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 undertake 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 are no time limits on receiving the RMCAS, there are no time limits on the mutual-obligation activity either.

Other programs

Wisconsin Works and the GAIN projects in the United States, as well as other American workfare programs in various states also do fit the definition of work-based employment programs. 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. In particular, the target group is restricted to low-income families, which actually are in large majority lone-parent families headed by women. Also, social assistance benefits have a time-
limit of five years over a lifetime. This means that after having claimed social assistance for five years, either consecutively or even non-consecutively, the rights to claim a benefit cease to exist. This time-limit surely has a major impact on the number of claims being made as well as the length of those claims and the rate of exit to work for those approaching the time limit.

In addition, the Danish program from Farum, which was in place some years ago, would also fit the definition of work-based employment program, although it will also 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-practice in public-private partnerships (Greeve and Ejersbo, 2002). Since it would be impossible to disentangle the effect of the administrative scandal in the municipality from the effect of the design of the program, the project will not be included in the benchmark.

Seven work-based employment programs found in five countries will thus be included in the benchmark to be undertaken in part 2 of this research. An overview of basic elements of these programs is presented in Table 1.1. Through including these seven programs in the benchmark, an appropriate level of both commonality and variation should be present. As just mentioned, programs need to be similar enough so that comparisons are feasible. On the other hand, programs need to be different enough in order to be able to distil good practices and bad practices. First, these programs are based on rather similar social security systems, where social insurance and/or social assistance make(s) up a social safety net for the population. Second, all of these programs require their participants to spend a number of hours per week in work-activities. And third, sanctions are present if participants refuse to take part in the program, which acts as an enforcement mechanism for the mandatory nature of the program. While these elements provide the basic common structure for all programs in the benchmark, much variation is present in the actual design of the individual programs. For example, while parts of the New Deal program and some of the Dutch Work First programs offer regular jobs to their participants as part of their work-activities, the Work for the Dole and Ontario Works mostly concentrate on community work. The length of programs, the timing of their start, their target groups, and many more elements also present a decent amount of variation from program to program. In addition, these programs are not equally successful in assisting their participants in finding work. The necessity of including not only best-practices but also worse-practices in an evaluation should not be overlooked. This will be indispensable, since this will allow
testing which choices lead to the best results and which elements conducted to lower effectiveness in the program. The intention of this research is to present reliable evidence on what works and what does not work in work-based employment programs. With this goal in consideration, choosing this range of programs, with substantial variation in design and result, will allow for a better understanding of their determinants of success and failure.

Table 1.1  Overview of the seven programs in the benchmark

<table>
<thead>
<tr>
<th>Country and Programs*</th>
<th>Type of benefit¹</th>
<th>Timing of start²</th>
<th>Length³</th>
<th>Type of work</th>
<th>Hours per week⁴</th>
<th>Other provisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NDYP</td>
<td>SA</td>
<td>10</td>
<td>6</td>
<td>regular and community</td>
<td>32</td>
<td>Training and JSA</td>
</tr>
<tr>
<td>ND25+</td>
<td>SA</td>
<td>22</td>
<td>3</td>
<td></td>
<td>32</td>
<td></td>
</tr>
<tr>
<td>Netherlands</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work First</td>
<td>SA</td>
<td>0</td>
<td>6,5</td>
<td>regular and community</td>
<td>24</td>
<td>Training and JSA</td>
</tr>
<tr>
<td>Australia</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work for the Dole</td>
<td>SA</td>
<td>6</td>
<td>6</td>
<td>Community</td>
<td>12 or 15</td>
<td>none</td>
</tr>
<tr>
<td>Canada</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ontario Works</td>
<td>SA</td>
<td>4</td>
<td>Unlimited</td>
<td>Community</td>
<td>18</td>
<td>none</td>
</tr>
<tr>
<td>Switzerland</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Temporary Job</td>
<td>UA</td>
<td>0</td>
<td>1 to 4</td>
<td>Public sect. community</td>
<td>32</td>
<td>small</td>
</tr>
<tr>
<td>RMCAS</td>
<td>UA</td>
<td>1 to 4</td>
<td>12</td>
<td>Un-limited community</td>
<td>20</td>
<td>small</td>
</tr>
</tbody>
</table>

Notes: * Acronyms: NDYP New Deal for Young People, ND25+ New Deal 25 plus, RMCAS Revenu Minimal Cantonal d’Aide Sociale (Cantonal minimum social assistance revenue).  
1) SA: Social Assistance; UA: Unemployment Assistance. 2) in months after start of claim, 3) in months; 4) for the work-activities; 5) JSA is Job search assistance. Only refers to provisions which are a formal part of the work-based program.
PART I  BUILDING A SOCIAL BENCHMARK
2. Benchmarking the policy-chain

This chapter will introduce benchmarking as an instrument for evaluating labour market policy. The question to be answered in this chapter is thus: what is benchmarking and how can it be used to evaluate active labour market policies? The first section will provide a definition of benchmarking that is applicable to private and public benchmarks. Having defined what is social benchmarking, the section will go on with discussing the policy-chain and its five elements, since this will be the basis of the benchmarking model and will be used throughout the rest of the research. A typology of benchmarks based on this policy-chain will also be defined. The second section of this chapter will discuss the methodology of benchmarking, which consists of four steps. In this section, each of these steps will be discussed in detail. Also, this section will present the various choices which must be made when benchmarking. Being aware of the impact these different choices can have will allow proceeding with the building of the benchmark model in chapter 3 and 4, so that an actual benchmark can be performed in part 2 of the research.

2.1. The policy-chain and a typology for benchmark models

Benchmarking evolved as a powerful international trend in the private sector in the 1980s. Xerox Corporation was the initiator of this new trend. By means of comparing itself to other companies, it reversed a downward profitability curve to become one of the most efficient corporations in the US (Schütz, Speckesser and Schmid, 1998). This surely incited other companies to do the same, which eventually also became a common exercise in the public sector with the assent of New Public Management. Benchmarks in the public sectors have been used in a wide variety of domains, ranging from garbage collection to hospital care. 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).
Benchmarking in the public sector is only different from the private sector in the fact that public services are the object of the measurements, and not privately produced consumer goods or services. Social benchmarking is therefore defined here as a benchmarking exercise applied on social policy with the intent to improve social programs by learning from best-practices and to foster efficiency and effectiveness in the delivery of social provisions.

The implications of these differences are that while the private sector will base its benchmark on the production chain, the public sector will use its policy-chain as the basis for its benchmark. The policy-chain comprises of several steps in which policies are thought up and concretized in different measures. The policy chain consists of four principal elements: the input, the process, the output and the impact (Spicker, 2006). Because some factors that are external to the policy-making process can have an important influence on the policy chain, external factors are added to the model. These five steps of the policy chain will make-up the five categories of indicators that can be measured by a benchmark of public policy. While this research will concentrate itself on active labour market policies, this section will discuss the policy-chain in its most general form, and is thus applicable to all types of public policy. Chapter 3 will take this general model and adapt it specifically for the type of active labour market policy to be benchmarked, that is to say, mandatory work-based employment programs.

Figure 1: The policy-chain

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). This initial component of the policy-chain first includes the general objectives of the policy. Naturally, policies are created in order to change a certain situation and have a particular impact on persons and/or environments, which will be formulated in some general objectives for the policy to achieve. These objectives will be
formulated in terms of output to be achieved (for example, serving 200 clients per day) or in terms of impact (for example, increasing labour participation rates) (more explanation on output and impact below). Also, the major target groups to be served by the policies will be determined. These target groups can be defined by many different characteristics, depending on what is relevant to the policy. For example, target groups can be defined by characteristics such as area of residency, level of income, age and gender, ethnic group, education level, and many more. Next, the objectives of the program are translated in the social security laws, where the general rules of the system are defined. These will form the outer boundary in which the program will form itself, and within which the process can be defined. This legislative framework can thus be seen as the foundation upon which a specific program will be build. Also, the program will insert itself in an already existing social security system, which can vary greatly in terms of decentralisation and concentration of tasks within one or many agencies. At last, the amount of resources available for the programs will be fixed. These resources comprise the financial resources, the human resources and the infrastructure (physical resources). These input-elements thus measure the general blueprint in which the program will take place.

Input indicators (what is put in place for the policy to perform its task), for example:
- objectives
- target groups
- legislative framework
- social security system: division of responsibilities
- resources: budgets, human resources and infrastructure

This set of objectives, laws 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 public services. This process can be said to have two levels. The first level is the organisational-level process. Within this level, a mode of governance will be set by the top-level decision makers. This will determine whether a traditional bureaucratic model will be applied, or a different form such as New Public Management or other more hybrid type of modes of governance. Amongst others, the organisation responsible for the delivery of the services will be chosen. For example, a government can choose to use private contractors for delivering the services to the population, while an independent governmental agency will be responsible for monitoring those contractors. Furthermore, the financial construct of the program will be designed and geared towards certain incentives for the different actors involved in the program. The elements that form the
organisational-level process need to be complemented by the program-level processes to complete this category of indicators. These program-level processes refer to more micro-level processes, that is to say, decisions which are directly related to the experience of the claimant in the program. These processes will be chosen in relation to different theories and ideas on what is needed for the individual in the program for him/her to reach the objective of the program. For example, these indicators will measure the type of services delivered, for how long, in which manner, at what cost for the customer, etcetera.

More specifically in terms of benchmarking active labour market policies, this means looking at the different theories on labour market intervention and looking at what type of program intervention will result in the greatest number of participants finding a job upon completion. For example, this means measuring the type of job search assistance made available, for how long, and at which frequency. As can be seen, the specific indicators for this program-level process will thus vary greatly from program to program, depending on the influence of various theories on the specific elements of those programs. While for some programs the type of reward given to participant will be relevant, other programs will require that the type of qualification attained will be more important. As will be shown in chapter 3, the choice of these program-level process indicators will thus require a deeper investigation than with the other categories of indicators. This is due to the fact that to be able to choose program-level process indicators, it is necessary to know the nature of the determinants of success and failure of work-based employment programs.

Process indicators (how are the policies delivering their programs)
- Organisational-level processes:
  - mode of governance: privatisation and performance pay
- Program-level processes:
  - Determinants of success and failure of micro-level interventions

Using the input, the process “makes” the output, the “product” of the social program. The output answers 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 to the output, the influence of the process on the quality and quantity of services delivered can be measured. This opens the black box of policy implementation that was long left closed by evaluations which looked only at output or impact. Furthermore, some objectives can also be formulated in terms of
output, such as delivering a public service to a target number of citizens per month or year. Besides looking at quantity and quality of services, elements of the legislative framework can also be measured with regards to their actual use. This will thus show how policy and practice can differ from one another. For example, the number of sanctions actually being used will be measured as part of the output of the program. Third, the coverage rate of the program, in terms of the percentage of unemployed which took part in the program, is also important to measure in order to show the relative size of the program within the unemployment benefit scheme.

Outputs (what are the “products” of the policy):
- type of services delivered and number of participants for each
- quality of the provision
- sanctions, type and quantities used
- coverage rate

The last step in the policy chain will then be the impact the policy has on the participants of the employment program. This impact is the ultimate result of the policy. This impact is very relevant since for many social policies the objective will not be defined in terms of their amount of output, but rather in terms of their impact. Indeed, the difference between the output and the impact is that the impact is not an actual product of the public program, but rather its effect on the participants. For example, in the case of employment policy, the impact refers to participants finding a job on the regular labour market, something that is not directly “given” to the participant, but rather the impact of several interventions such as training and job search assistance. This distinction also implies that the impact is not directly under the control of those delivering the services, but that several external factors can come between the direct actions of the program and the impact it has on the individuals. As already mentioned, the objectives of a public program are often formulated in terms of not only output, but rather on their intended impact, making this indicator crucial to include in the performance measurement. Furthermore, the sustainability of this impact is also important to measure, since it can vary from one type of policy to another. The impact can also relate to other aspects not directly mentioned in the objective of a policy, such as preventing claimants to enter the benefit, or to stay too long on the benefit. In addition, some impacts are indirect or unwanted, and should also be taken into account in choosing the indicators.

Impact (results of the policies):
- rates of outflow to work, caseload reductions
- rates of inflow prevention
- sustainability of influence on individual (for example: status after one year)
- increases in revenue / salary
- other types of impact relevant to the program (fraud reduction, reduction in child poverty, reduction in crime rate, etcetera)

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 influence on 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 is essential to include them in the evaluation framework. They can be regrouped in different categories, such as macro-economic factors, political context, and the juridical context.

External factors (influence the input, process, output, and impact, but outside the policy-chain, thus outside the reach of the policy-maker):
- macro-economic factors: unemployment rates, job vacancies, poverty and inequality rates, total welfare caseload, government debt and budget balances
- political context: parties in places and political scope for reform
- juridical context external to social security laws (for example, employment protection laws, human rights legislation, tender laws)

Obviously, depending on the specific type of active labour market program, the precise indicators which define best each section of this policy-chain will vary. The different indicators which were given here are not meant to be an exhaustive list of all components of the policy-chain. They are rather meant to provide some examples of the types of elements that are making up the links of the chain. In fact, they are kept purposefully very broad in order to be applicable to most activation programs found around the world, disregarding their specific content. However, it is clear that when attempting to benchmark a specific active labour market program, these indicators will require more specificity and depth in order to be useful as a benchmark model.
This section will now go on with a definition of de different types of benchmarking, keeping these different parts of the policy-chain as the basis of the analysis. However, in order to keep the discussion on a general level that is applicable to most active labour market policies, the specific indicators found within each of these parts of the policy-chain will not yet be given. As can be imagined, the choice of these indicators will require a more extensive analysis, and will thus be tackled in the next two chapters.

**Benchmark Typology**

Measuring different parts of the policy-chain will create different types of benchmarks. Throughout the literature on benchmarking there are accounts of many different typologies, each with their own types and definitions. The great variety of typologies found in the literature shows that not one model is being seen as the standard way to benchmark (see amongst others, Schütz et al. (1998) for a review of different benchmark typologies). The typology developed here will draw on the policy-chain and show the differences between four types of benchmark practices.

- **Input Benchmark**
  This type of benchmarks is mostly focused on the finances of employment programs, looking at how much budget there is available in each of the benchmarked programs. For example, this means comparing different countries on the budgets for ALMP as a percentage of GDP, or as a ratio to the number of unemployed in the country. Often, it is assumed that the higher the financial input for a program, the more effective it will be at reaching its aim. It is thus common, for example in OECD publications (see Employment Outlook, yearly), to see public spending on ALMP being compared for different countries.

- **Impact Benchmark**
  These types of benchmarks are focused on the other end of the policy-chain, and compare the impact of each program in the benchmark. By measuring the impact with regards to the objective of a program, the effectiveness is measured. These benchmarks can thus be used to compare the effectiveness of programs, but it should be noted that this requires that all programs have the same objectives. Depending on the question this benchmark attempts to answer, either the gross impact or the net impact will be calculated. Net impacts are often used since they only show the impact of the program itself on its participants, and thus do not take into account effects that would have been present even without participation in the program. More specifically for labour market policies, the net impact will subtract from its calculation those participants who...
would have returned to the labour market without the help of the program. Although most impact-benchmarks will only calculate the impact of the program with regards to the main objective of the program (for example, calculating exit-to-work ratios if the aim is the return to the labour market of participants), it can also be that secondary impacts, such as an increase in earnings for participants, or also prevention-of-entry ratios are calculated.

- **Output Benchmark**
  First, output-benchmarks can be centred on comparing the number of provisions which are offered to benefit claimants. For example, comparing the number of completions of a training program or comparing the number of participants in a Work First program would be considered to be an output benchmark. Comparing client satisfaction would also be considered to be an output benchmark. These benchmarks are relevant when the objective of a program is not per se related to the impact of the program on its participants (for example, the return to the labour market). Indeed, output benchmarks can be used to measure effectiveness when programs have the general objective to provide skills or assistance to a participant, for his/her own sake. In these cases, it would be relevant to assume that participating in a program is in itself a result that is achieved. The effectiveness of such programs can thus be compared on their output, assuming they have the same output-related objective.

- **Process Benchmark**
  This is a very traditional way of benchmarking, associated with the “re-engineering production strategy” common in many companies in more technical branches. In these types of benchmarks the production process of different companies is compared in order to make improvements in the way the products (or services) are made. It is less likely to be used on its own for the comparison of labour market programs. Process Benchmarks would compare the design of programs, comparing their length, the type of activities they offer to their participants, the number of hours needed to complete the program, etcetera. Indeed, this information might be interesting to compare on its own, but will be much more informative when combined with the other parts of the policy-chain, as is done in the last benchmark type: the best-practice benchmark.

- **Best-practice Benchmark**
  This last type of benchmarking looks at all the components of the policy-chain at the same time, and thus includes all previous four benchmark into one single benchmark model. As already discussed, the impact-benchmark model was useful for comparing the absolute effectiveness of
different programs, that is to say, the extent to which programs reach their goals, assuming that all programs have exactly the same goals. If one wants to take into account variation in objectives and thus measure relative effectiveness, an input benchmark must be combined with the impact benchmark. Moreover, comparing the financial inputs to the output and the impact of the policy will allow for measurement of the efficiency of the policy. In this way, efficiency can show that the performance of one policy is higher than that of another policy because it achieved the same results with fewer resources, or more results with the same resources.

Furthermore, a measure of the process is necessary in order to explain why a certain level of efficiency and effectiveness is being achieved. By comparing the process of each country with input, the output and the impact, one can draw conclusions on the efficiency of the implementation of a policy. This means that by including elements of the process into the benchmark, the black-box of how the input becomes the output can be opened. Furthermore, measuring the importance of external factors will also help explain why certain levels of efficiency or effectiveness are being achieved. For example, they will help explaining why a certain level of impact is noticed while it does not seem to be coherent with the level of input and the process being used. As an example, a high level of unemployment in a region may explain why a low rate of return to the labour market is noticed in a region with high budgets and an efficient process. Therefore, in order to be able to explain the reasons behind the differences in efficiency and effectiveness between the subjects of the benchmark, process-elements and external factors are included in this benchmark. Their purpose is focused on explaining the background of the policy, in order to make a realistic evaluation. Clearly, adding the process elements and the external factors to the benchmark corrects for an important flaw that many benchmarks models have, namely that the subjects to be compared are so different that comparison becomes unsound.

2.2. Social benchmarking for evaluation and public management

Now that social benchmarking has been defined and that the various types of benchmarks have been presented, the usefulness of benchmarking active labour market policies will be discussed. As already mentioned in the introduction chapter, current methodologies for the evaluation of active labour market policies do not provide a clear blue-
print of how to best evaluate those policies. This next section will thus present the shortcomings of the available methods and discuss how benchmarking could intervene in solving some of these.

It is clear that all social benchmarks will have the first intention to evaluate the performance of a public organisation or program. However, what policy-makers will actually do with the results which come out of a benchmark can have various effects on the way in which these policies are being delivered. In fact, besides providing evidence of what works and what does not, benchmarking results can also be used within the organisation in order to improve efficiency of program delivery. Although the benchmark in this research is not meant to be used as a management tool, section 2.2.2 will discuss how benchmarking can in fact also be used for this purpose. It will be shown that through the dissemination of benchmarking results, first, a quasi-market can be created which will increase competition and therefore efficiency, second, objectives will be more easily communicated and monitored, and third, decisions and actions can be legitimised based on performance measures.

2.2.1 Benchmarking for evaluation: opening the black box of policy implementation

In general, evaluation can be defined as the determination of the merit or worth of something. From the previous section it should be clear that benchmarking is in fact a specific type of evaluation methodology, where merit or worth is based upon the comparison of the performance of different organisations. In order to answer the question of why to benchmark labour market policies, arguments for benchmarking as an alternative to the current evaluation methods for labour market policies should be given. As will be shown, benchmarking does solve some of the criticisms of the current methodologies and should thus be considered as part of the evaluation tool-box for ALMP.

The evaluations of active labour market policies are mostly done from either of two perspectives. The first one is the macro perspective, which attempts to find a causal relation between macro-level variables, such as spending on ALMP and the effect on the unemployment rate. The other one is the micro perspective, which uses econometric models at a micro-level in order to estimate the influence of ALMP programs on the chances to find work for the participants.

The macro perspective evaluates active labour market policies by comparing the scope of these policies with the effect these should have on
the labour market. For example, a macro-evaluation might estimate how much unemployment has decreased with the increase in use of vocational training. An econometric model would be used to analyse this relationship between these two variables. However, accounts of evaluations of the macro-perspective are seldom, which Grubb (2004) explains by the fact that these evaluations measure effectiveness at a level that does not coincide with concerns of the public and the political arena. In addition, Martin (2000) mentions how there is growing interest in this type of studies, but that these are faced with important methodological issues. One of these is the fact that the number of statistical units - countries - remains often too small to make significant conclusions about the effect of a policy. One solution to this has been to also use variation in time for each country as a different unit of analysis. Also, most macro-level studies are faced with the problem that spending on unemployment rises as the unemployment level increases, also called the simultaneity bias (Martin, 2000). All of these drawbacks have meant that no clear link can be said to exist between the scope of ALMP (either in terms of spending, or number of participants, or other types of macro-level indicator of “size”), and the extent to which unemployment is reduced and economic growth fostered. In Martin’s review of the existing evidence across all OECD countries, his conclusions was that “the jury is still out on the matter” (p.89). This coincides with the findings of De Koning (2001), who reviewed 26 international macro-level studies of the impact of ALMP on the labour market, to find that 6 studies presented positive effects, 8 studies showed no significant effects and the rest showed negative effects.

On the other side, the micro perspective looks at how specific instruments and programs of ALMP (for example, schooling or subsidised labour) increase the chance of finding a job for different individuals. Micro-level evaluations are by far the largest type of evaluations of labour market policies nowadays. These evaluations could solely report the number of participants that did find a job after participating in the program. For example, a micro-perspective evaluation could conclude that through a specific program, half of the participants found a job on the labour market. However, many academics advocate that such figures are misleading. In reality, the true effect of participating in the program is not clearly illustrated by only looking at rates of exit-to-work, because other factors may have come to influence this return to work. These other factors can be grouped into three categories: dead-weight effects, substitution effects and displacement effects. The dead-weight effect refers to participants who would have found a job even though they would have not participated in the program. Their return to the labour market can therefore not be attributed to the effectiveness of the program,
but to a combination of favourable personal and labour market conditions. The substitution effect refers to participants who do find a job on the labour market, but this job would have nevertheless been filled by another unemployed. This also means that the participation in the program is not the cause of this return to the labour market, since someone who did not participate could have just as well filled the vacancy. The last effect is the displacement effect, where the participants in the labour market programs actually take-up jobs for which someone else was already employed. In other words, one job is gained but a new unemployed person is created. This situation is most realistic when considering programs for which a wage-subsidy is available for the employer who hires a benefit claimant. Hence, in order to calculate the true effect of the program on the unemployment rate, these three effects must be removed from the gross rate of return to work (De Koning, 2005).

In fact, most micro-level evaluations also concentrate on developing a proper way to calculate the net-impact of active labour market programs. The difficulty lies in the fact that the benefit claimants can only be observed in one stage: either as a participant in the program, or as a non-participant. Sophisticated econometrical models are therefore necessary in order to estimate what would have happened if the participants would have not taken part in the program. This requires the use of quasi-experiments, since direct experiments in both stages with one person are impossible. Quasi-experiments are set up such that one group of individuals is taken in charge by the employment service provider while a control-group is statistically designed (Smith, 2000). This control group can be formed through a matching-function, in which non-participants with similar characteristics as the participants are compared to the participants. These non-participants can be found in a group of claimants which was in the benefit scheme at the same time but was not targeted by the program, or found by looking back in time to a period in which participation in the program was not applicable to all claimants (Smith, 2000). Nevertheless, it has recently been shown by Lalive, Van Ours and Zweimüller (2008) that these differences in methodology can have important consequences for the conclusions being made. In their study, they compared two different methodologies for measuring net-impacts using the same program. They found that each method resulted in different net-impact calculations, even though they were measuring the same program.

Furthermore, as discussed by De Koning (2005) these methods imply in fact that the models are corrected for individual characteristics, such as level of education and family situation, or even the level of motivation to find a job. Other academics contest this method, arguing that these
individual characteristics are essential to the success of employment services and not taking these into account leads to unrealistic evaluation (Glebbeek, 2005). These differences in methodology have consequences for the policy recommendations that will be made. While those advocating for the calculation of net-effectiveness suggest concentrating efforts to help those with the smallest chance to re-enter the labour market (De Koning, 2005 and Koning, 2005), those rejecting the correction for individual characteristics actually propose helping those who have the highest chance to returning to the labour market (Glebbeek, 2005). Accordingly, cream skimming will then be seen as a failure of the system, or as a necessary policy for the efficiency of the employment policies (Glebbeek, 2005). These two different methodologies are therefore clearly influenced not only by different views of how efficiency is to be measured, but also by the interpretation of efficiency itself. Efficiency being a measure of how much resources are used to reach a certain goal, this debate then comes down to fundamental differences in the goals to be attained by the labour market policy. At the end, this political choice is a matter of whether one seeks to reduce the amount of benefits paid out by either preventing entry into the system or by facilitating exit out of the system.

The social benchmark constructed in this research is a compromise between these two approaches. The first reason why this is a compromise is that different success criteria can be measured side-by-side when measuring the impact of the program. This means that performance can be concluded to be high according to gross-effectiveness but low according to net-effectiveness. Second, by measuring the whole policy chain, this social benchmark model will allow to also understand how such divergence in gross and net effectiveness is created. The drawback of net-efficiency is that instead of shedding light on the reason why one program has a higher gross effectiveness than another program, these differences are eliminated and camouflaged. In terms of learning best practices, it is more interesting to know which choices lead to lower gross-effectiveness (such as choices in the target group), then to know that “if all things where equal” a certain program would turn out to be more effective than another. This benchmark has as its objective to assist policy-makers in designing highly effective work-based employment program, so demonstrating how gross-impacts are created will be central to its analysis.

The need for linking impacts to the process of policy-making was pointed out by many researchers such as Schmid, O’Reilly and Schömann (1997), Meager and Evans (1997) and Mosley and Sol (2000). These researchers made a significant contribution to evaluation theory from the perspective
of labour market policies by showing how the shortcomings of micro-level evaluations could be alleviated by “opening the black box of policy implementation”. These authors contested the tradition of simple program evaluation of labour market policies. As already mentioned, most evaluations focus on a micro-perspective and look at the impact different reintegration instruments have on single individuals. These types of studies simply evaluated separate instruments of a policy programme, by 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 differs 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 the processes that can create the most optimal impact is crucial. A different term for such type of evaluations is “Process-evaluation”, which stresses the need to focus on why the targets 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. Macro-evaluations were also pointed at for not looking at the core of the programs being evaluated. Esping-Andersen (1990) criticised only looking at the amount being spent on social policy as a measure of performance, arguing that welfare states of similar size and scope might have entirely different structures which have entirely different effects on how social risk is being alleviated for different groups. This general comment which applies to all social policy is surely applicable to active labour market policies.

The importance of including the evaluation of the nature of the design or the implementation of a program was said to be even more apparent when the design or implementation 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 the evaluations that do take into account the varying implementation of policies at the local level are often of qualitative nature. Only a 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 evaluation methodologies that are able to adequately test social policy arrangements in which the design and the implementation varies from one unit of delivery to the next.

Clearly, a meso-perspective is very much appropriate for the evaluation of active labour market policies. The meso perspective can be defined as one looking at performance at the level of programs or organisations. The focus is on measuring the effect of the design and the implementation of a program on the level of performance, as measured by the impacts and the outputs. Meso-level evaluations therefore use a wide range of variables. These comprise macro-level variables, variables on the level of the organisations and programs implementation, and micro-level variables. Benchmarking thus clearly belongs to this level of evaluation. In addition, cost-benefit analyses and more qualitative analyses are also common to the meso-level (Pierre, 1999). Unfortunately, meso-level benchmark models of public employment services are rare. Even rarer is meso-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.

Nevertheless, the potential for benchmarking as an evaluation tool is promising. Indeed, benchmarking is on one side more general than micro-level evaluations, since these evaluations focus on single provisions and their net-impact on the individual's chances on the labour market. On the other side, benchmarking is more specific than macro-level evaluations, as macro-evaluations focus on the economy or labour market as a whole. As a complement to macro and micro level evaluations, benchmarking should therefore be regarded as a welcomed addition to the evaluation tool-kit.
2.2.2 Benchmarking as a public management tool: facilitating competition, monitoring and legitimisation

With the emergence of New Public Management, evaluations have taken the centre-stage in public policy-making. These days, not only academics are interested in researching the effect of different government policies, but the government itself is taking an active role in finding out whether its policies have the intended effect. In times where public spending is under increasing pressure, policy-makers are in need of knowing whether social investments are having the desired returns. From various policy domains such as health care, education, childcare, police and fire departments, evidenced-based policy making has become a must. Governments ought to implement policies that have been proven to work.

Besides improving public policy through mutual learning, social benchmarking can actually assist in improving the efficiency and effectiveness of the delivery of social programs by acting as a management tool. In fact, the role that benchmarking can play in management functions is often what first comes to mind when looking at benchmarking. Since the benchmark to be undertaken in this research is not directly linked to any government body, these objectives are not explicitly part of this research. Nevertheless, it is worth mentioning shortly here how benchmarking can be used in order to improve the efficiency and effectiveness of program delivery besides doing so through mutual learning. Three functions of benchmarking for management purposes can be distinguished: the creation of a quasi-market through competition, the communication of objectives and monitoring of those objectives, and the legitimisation of decisions and actions based on evidence of good or poor performance. Each of these will briefly be discussed in the following pages, before moving on to the second step in the construction of the social benchmark to be used in this research.

Two types of inefficiencies were found to affect the performance of governments at delivering services: productive inefficiencies from low-powered incentives, and allocative inefficiencies from political interference in business management (Lunsgaard, 2002). Besides full-privatisation and almost complete withdrawal from the government, a solution to this is to create a market-like environment in the public sector by introducing competition. As explained by Lunsgaard (2002), creating a quasi-market can be done through performance related funding, benchmarking, contracting out, and vouchers. When properly set-up, each of these elements will give an incentive to provide the best-possible service at the lowest costs.
When using benchmarking in order to make government service provision more efficient, a quasi-market situation can thus be created by increasing the competition between its different production units, often departments. Benchmarking mimics competition by replacing a fight for the greatest market-share and the biggest profit by a fight for the highest rank on the benchmark list. This is often called the "naming-and-shaming" mechanism of benchmarks. The question that managers can answer by using benchmarking is "how are we doing compared to the others?", which fulfils a monitoring purpose. But this monitoring function is assumed to increase the stakes since organisations do not want to look inefficient to others or to higher organisational levels.

A well-known example of an international benchmark is the Open Method of Coordination of the European Union, and in particular the European Employment Strategy (EES). In this macro-benchmark, the countries of the European Unions agree on common sets of goals regarding employment (De la Porte, Pochet and Room, 2001). These objectives are then translated into impact and output indicators on which each member country must report yearly (De la Porte, Pochet and Room, 2001). In fact, what happens is that the European Commissions asks each member country to report on the steps taken to reach the EES goals, and recommendations on best-practices are based on the reports from those countries that scored well on the benchmark (Trubek and Moscher, 2003). These best-practices can thus not be drawn from the benchmark indicators, as they only refer to the results of policies. Even though the EES is considered by many as a great tool for fostering mutual learning, the OMC is broadly acknowledged to aim more at creating a competitive field in which each country is trying to improve its ranking with respect to other countries. In order to improve their ranking on the benchmark, countries will reform their employment policies to increase effectiveness and efficiency, and in that way improve their performance level regarding the ESS indicators. Although the Open Method of Coordination cannot make use of sanctions in order to force countries to adopt the reforms needed to improve performance, it is assumed that the "naming-and-shaming" mechanisms in the benchmark of indicators as well as in the peer-review procedure will put enough pressure on the member countries to reform their policies (De la Porte, Pochet and Room, 2001). Zeitling (2005) indeed mentions how there is evidence that rankings do have an influence on the behaviour of European countries, partially since countries see these rankings as a potential source of political embarrassment if these are picked up by opposition parties, interest groups and the media.
It has nevertheless been recognised that competitive incentives arising from benchmarking could be made more powerful by attaching other instruments to the “naming-and-shaming” mechanism. In fact, in many countries, competition has been introduced not only by introducing meso-benchmarks between different departments or local governments, but rather by various combinations of performance-related funding, benchmarking, contracting-out, and vouchers (see Sol, forthcoming; and Lunsgaard, 2002). It is believed that these four elements and their combined actions can result in even more efficient systems. This is surely true when combining benchmarking with some type of financial incentives, such as contracting out and performance-related pay. If a high rank on the benchmark will assure a more interesting contracting position or increase the amount of resources to be allocated, competition for the best rank in the benchmark will surely increase.

Besides creating a competitive playing field, benchmarking can also improve performance through allowing for a closer monitoring of those responsible for the direct delivery of the programs to the population. This need for increased monitoring arises from the increased decentralisation which is found in the delivery of active labour market policy in many countries. As explained by Finn (2000), the reason for the inefficiency of bureaucracies was thought to be the way decision-making was done in a centralised way. Typically, national programs were designed by the ministry of social affairs of the country and implemented in a uniform fashion for all eligible participants. These employment programs could thus be characterised as “one size fits all” program, although some were targeted at some specific groups such as young people or immigrants. However, such a centralised decision making apparatus did not allow for much variation between regions, cities, or even individuals, and was in consequence believed to be inefficient at meeting needs. The rise of New Public Management meant that the delivery of policies was greatly decentralised and that the implementation of policies was allowed to vary according to specific needs. As a result, local governments in some countries were given full power over the delivery of ALMP, while in other countries agencies were allowed to influence the form the policy would take on a local level. Another reason why decentralisation was thought to increase efficiency is that experiments were made possible, where different types of approaches could be tested on their results. By allowing variation in the design of programs, decentralisation meant that best-practices could be highlighted.

Furthermore, decentralisation also meant that the decision-making within departments responsible for labour market policies was also brought to a lower level. As opposed to the decentralisation of the power to design
policy, called political decentralisation, this type of decentralisation is of administrative value, and is consequently called administrative decentralisation (Moreno and McEwen, 2005, p.12). Moyihan and Pandey (2004) indeed showed that effectiveness was increased by delegating decision-making at the lowest possible level, thus confirming the assumptions made by New Public Management. As a result of NPM being implemented as a new governance model, case-managers saw the leeway they were granted in the implementation of the programs increase greatly.

However, the increased distance between those who manage and those who deliver the services meant that a principal-agent relationship was created. In a principal-agent relationship, the agent carries out work on behalf of the principal. However, the interest of the principal - efficient service delivery - does not always coincide with the interest of the agent (Mosley and Sol, 2005, p.4). Managers found themselves in need of instruments to diminish the perverse effect of information asymmetries typical to principal-agent types of relationship, as these effects can hurt the overall performance level of the system.

Firstly, benchmarking can alleviate some of the perverse effect of the principal-agent relationship between the central government and the agency or local government. By monitoring the results of the programs of each delivery unit, the central government can make sure that the agents are acting in line with their objectives. Secondly, the privatization of service delivery raises some issues concerning the accountability of those private sector agencies that are providing services in a publicly financed sector. By benchmarking the approach and the results of private providers, the government is able to alleviate some of the information asymmetries and act consequently to the findings of the benchmark.

However, the benchmarking targets must be very carefully set as they may create room for goal-displacement. Goal-displacement occurs when too much emphasis is put on reaching targets at the expense of achieving overall effectiveness (Van Bruggen, 1998). Those goals that are left unmeasured or improperly measured will consequently loose importance for the organisation being benchmarked. De Bruijn (2001) showed how performance measurement of public servants must be carefully built if it wants to avoid creating more disincentives than incentives to increase productivity. Three principles should be followed for sound performance measurement of the public sector: 1) Interaction between the principal and the agent on the design, use and implications of the performance measurement; 2) Diversity in the choice of indicators and in their definition, and 3) Hybrid use of process-measurement and product-
measurement which are dynamically interpreted. One of the major points
De Bruijn (2001) made in his book is that the more performance
measurement is used for control, the more easily the perverse effects of
“gaming the numbers” will arise. While the discussion above points
towards the need to increase monitoring of the agents in a principal-agent
relationship, this does not imply that a “command-and-control”
benchmark must be set. As noted also by Hupe and Hill (2007), this top-
down view is highly outdated and normatively biased. In fact, a
benchmark at the organisational level should be seen more as a
contractual agreement between the professional case-manager and
his/her supervisor, similar to the contractual agreements which arise
from other levels of decentralisation. De Bruijn (2001) actually stressed
how both the professionals and their supervisors must be equal partners
in designing and using a system of performance measurement by which
all parties can meet their needs. For the supervisors, this means the need
to communicate goals and monitor their objectives. The next property
then relates to the needs of the professionals for instruments which can
facilitate the legitimization of actions and decisions.

The third and last way benchmarking can assist management is by being
instrumental in legitimizing actions and decisions. With the rise of New
Public Management, bureaucracies were also criticised for the scattered
nature of service delivery, which was the product of the specialised
nature of public work (Finn, 2000). In the case of labour market policy, it
was the situation in most country that one office was responsible for the
disbursement of benefits, while another office provided for employment
services. New Public Management brought changes to this segregated
structure since it was believed that the individual needs would be better
met by combining functions that are closely related to each other. New
Public Management thus meant the integration and coordination of
services that were to be delivered by integrated agencies, often called
“one-stop-shops”.

The integration and coordination of services for the unemployed meant
that much more responsibilities were concentrated in one single
organisation. Since large amounts of public resources are transferred to
organisations which control the largest part of labour market policies –
both passive and active - the dangers resulting from the principal-agent
relationship are amplified. Benchmarking at the meso-level can thus be
used by organisations, either public or private, in order to demonstrate
their performance level to their “principal”. Indeed, since much freedom
is given to the agencies in the way they choose to approach the delivery of
the services, there is an increased need for them to legitimize their
decision-making. One aspect of this is political, since the central

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government level is no longer designing the policies in the details, but is still required to be accountable to its electorate. Benchmarking can thus assure politicians that agencies are employing strategies which are efficient and effective according to the benchmark, and are able to take actions towards those agencies that are performing poorly. Agencies that are taking a different course than they used to, for example by adopting a Work First approach to labour market policies, might also feel the need to demonstrate that their approach is successful even though it faces much political opposition.

At the micro-level, combining the effect of the trend of decentralisation with this trend of integration gave rise to an increase in the degree of professionalism of case-managers. Under NPM, the case-manager became a central actor in the implementation of programs, enjoying an important degree of freedom in making decisions and possessing a wide spectrum of available options (Hupe and Hill, 2007). In other words, the case manager not only has a large degree of power in deciding whether a claimant has the right to a benefit and whether he or she must participate in an employment program, but the case manager also has many different instruments available from which he/she can choose to give the best possible assistance to the claimant. Consequently, professionals might need to legitimize certain choices that conflict with the usual way of implementing the program. This need for legitimization can also be fulfilled by an evaluation model which allows seeing whether the interdependent work of the case-managers is performing up to standard. As Lipsky (1980) argued in his classic work on street-level bureaucracy, public policy is made up of the individual decisions of the professional case-managers which may or may not coincide with what the “top-floor policy-makers” have in mind with the policy. Benchmarking can therefore be used by professionals to legitimize their actions and decisions. In addition, the case-manager is increasingly provided with the possibility of evidence-based actions, as the performance measurement of his/her work and the work of his/her colleagues allows for the evaluation of what has worked, and what has not.

Discussing these three management functions of benchmarking could easily make-up a research topic on its own. Since this benchmark does not intend to assist managers in a direct way in the management of their work-based employment programs, the objective of learning from best-practices will be the only objective on which this research will be based. Without going into more detail on the topic of New Public Management, it should be emphasized how the use of benchmarking for management purposes is not straight-forward and a great deal of care should be given to the perverse effects performance measurement could have on
productivity, especially when individual case-workers are being benchmarked. The reader is referred to the large body of literature on Management by Objectives and benchmarking for an extensive discussion on how to best set-up a benchmark such that these various management objectives are properly attained (see amongst others, Grubb (2004); Mosley, Schutz and Breyer (2001); Heinrich (2002 and 2007); Van Bruggen (1998), De Bruijn (2001)).

2.3. Benchmarking methodology

The first section of this chapter explained the concept of benchmarking for social policy, or so-called social benchmarking. The previous section discussed how benchmarking can be very useful for the evaluation of labour market policy. In other words, these previous sections have served in answering two crucial questions: first, “what is social benchmarking?” and second, “why use social benchmarking for evaluating active labour market policies?” The rest of this thesis will therefore concentrate on the more arduous question of “how to benchmark active labour market policies”.

When using a benchmark in order to measure the performance of a program, four steps must be undertaken. The first step is to choose the type of benchmark to be used based on the needs of policy-makers in terms of what the benchmark should achieve. Second, the performance standard has to be chosen against which the performance of the organisation will be measured. Third, the indicators which will make-up the benchmark must be chosen, and last, these must be measured in each program and an analysis of these results must be performed.

Step 1: identifying the aim and choosing the benchmark model

The first step to be undertaken is to identify the aim of the benchmark. This sounds rather logical, but can quickly be ignored by those who take part in a benchmark just in order to follow the “trend”. Indeed, as benchmarking becomes increasingly popular in the public arena, taking part in a benchmark could be used more as window-dressing than for real performance improvement. The public organisation that performs a benchmark could therefore use this exercise only to pretend efficiency and effectiveness are strived for, while the lessons from this benchmark would not have any purpose in reality. By clearly stating the aim of the benchmark, such window-dressing can be avoided, since it will be made explicit how this benchmark will contribute to policy-making. Obviously,
the benchmark will only be useful to the policy-makers if it can contribute to their decision-making process in one way or another.

From the discussion in sub-section 2.2.1, it is clear that evaluations of ALMP programs aim to answer the questions of "what works best and why". The works of, amongst others, Schmid, O'Reilly and Schömann (1997), Mosley and Mayer, (1999), Meager and Evans (1997), Pierre (1999), Grubb (2004) and Schütz, Speckesser and Schmid (1998) all point towards evaluation practices that address the "bigger picture" of the policy program. Their conclusions insist on looking further than impacts or outputs only. This means that the social benchmark model will need to follow the holistic approach which characterises best-performance benchmarks. The holistic approach means that evaluations of active labour market policies should not only look at the impact of the policies, but should assess the whole policy chain. By following the policy chain, a holistic evaluation would start by looking at the input of the system, it should then go on evaluating its method of implementation, then measure its output, and finally look at the impact the policy has on its beneficiaries and their environment. The five elements of the policy chain will thus form the core of the social benchmark for active labour market policies.

That is not to say that all benchmarks of active labour market policies will necessarily have the intention to evaluate those policies in order to learn from best-practices. As discussed in the previous sub-section, benchmarks can also be set-up for the purpose of making the delivery of the programs more efficient. The choice of the type of benchmark model will, however, not be influenced by this and a best-practice benchmark is still deemed most appropriate. This is because for all benchmarks the key to their usefulness lies in the fact that they provide an explanation of the level of performance reached. For example, while one could think an output or an impact benchmark would be enough in order to create a competitive playing field, the reason behind differences in competitiveness will remain unknown. Different ways to improve competitiveness can then not be easily found, and further research on the source of performance gaps will be needed. This could have already been achieved if the benchmark would have been a best-practice benchmark.

Step 2: Choosing the performance standard and level of analysis

Choosing the performance standard means choosing the value against which the performance of the programs will be compared. As discussed at the beginning of this section, Xerox Corporation was the initiator of the benchmark trend in the 80's. Interestingly enough, Xerox Corporation did not benchmark itself against competitors in its branch, but sought after
companies that were doing extremely well in one part of Xerox’s production chain, for example warehouse logistics or human resources (Schütz et al. 1998). These types of operations are fairly similar between significantly different companies, making “learning-from-the-best” possible, even outside a company’s sector of production. However, benchmarking has become increasingly focussed on direct competitors, and this type of methodology is now the most common in both the private and the public sector.

According to Grubb (2004) and Mosley and Mayer (1999), three general methods can be used to define a benchmark standard:
- Theoretical standards: based purely on what theories say the performance value should be.
- Institutional benchmark: the performance targets are set by leadership or management, on an ad hoc basis.
- Best-performance benchmarks: the best performing program is the standard.

The problem of using theoretical standards is that they difficultly include qualitative indicators, as these are often too complex to include in predictive models. For impact-benchmarking, this should be less of a problem than for the other types of benchmarks, since most impact indicators are quantitative. In addition, theoretical goals are often unclear or ambiguous (Mosley and Mayer, 1999). On the other hand, by using ad hoc values coming from institutional choices as the performance standard, the benchmark might be legitimate for those who participated in the negotiation, but is denied of any further scientific ground (Grubb, 2004). This makes the lessons to be learned from the benchmark thornier to accept by outsiders who may object the use of that particular standard. A performance standard set by management could be applicable in some cases, since management might wish to attain a certain level of output or impact without this being based directly on theory or best-practice. Clearly, benchmarking based on the performance level of the best-performing program is the most objective method of the three. This will thus be the method used in the social benchmark of labour market programs which is being constructed. All rankings will consequently be made with respect to the best performing program for each indicator separately.

This benchmark compares programs in different countries, and can thus also be described as an international benchmark. As mentioned by Helgason (1997), international benchmarking in particular can be very useful when trying to assess the general level of performance of a public sector program, since benchmarking across countries may reveal more in
terms of best-practices. Also, it is an excellent way to find innovative and alternative ways of providing a service or designing a policy that are not otherwise found within the country itself. This means that the best-practice standard could very often refer to programs found abroad. However, since choosing which international programs should take part in this benchmark requires more knowledge about work-based employment programs, this discussion is postponed to the next chapter. At that point, after having introduced and defined work-based employment programs, the reasons behind the choice for each of the programs will be given.

It is, however, crucial to note at this point that international benchmarks will almost always require choosing the best-practice type of benchmark model. A major criticism of many benchmarks is that comparisons of performance are not possible because of different backgrounds and underlying structures of the programs to be compared. This is even truer when talking about international benchmarks, which try to compare policies and services that are based on varying national structures (Schütz et al., 1998). Evaluators have always been warned about the dangers of comparing programs that are actually very different from each other. The expression “comparing apples to oranges” has often been used in order to warn for the dangers of concluding that one program is better than another program, while the very different nature of these two programs has been ignored. In fact, it is not the comparison of “apples to oranges” which is dangerous, but what is inappropriate is to conclude that “this apple is very bad”, when in fact it is an “orange” you have in hand. What is therefore crucial for international benchmarks that might face important differences in the evaluated programs is first to clearly define the type of program to be evaluated. That way, a set of basic common denominators will be established. Then, it is imperative that the indicators found in the benchmark model are able to take into account the variations between the different countries. Input, process and external factors indicators will thus be crucial to the understanding of the differences in the results of the programs. Obviously, the more different the programs are from each other, the more indicators are needed in order to take into account these differences.

Step 3: Choosing the indicators

As can be imagined, the benchmark model will be very sensitive to the indicators that are chosen. For this reason, the choice of the specific indicators is considered to be a part of the research on its own, and thus not a part of the general social benchmark model. In other words, extensive knowledge of the type program to be benchmarked is needed in
order to choose the proper performance indicators. This refers mostly to
the process variables, since this element is made up of various
components that all can have a different influence on the output and the
impact of the program. Empirical studies or theoretical arguments should
be surveyed in order to find the most relevant components of the process,
which should be included in the benchmark.

While choosing the indicators, it should be kept in mind that these can be
of either quantitative or of more qualitative nature. Mosley and Mayer
(1999) pointed out the importance of giving greater consideration to
qualitative dimensions of labour market performance. These qualitative
indicators will nevertheless need to be quantified in some way in order to
be incorporated in the benchmark. By using a ranking from low to high,
poor to good, a benchmark model can make sure not only the purely
quantitative indicators are included in the model. As will be seen in
chapter 4, many of the input, process and output indicators are actually of
qualitative nature. This surely will add to the understanding of all the
facets of the programs in the benchmark, and not just of those facets
which are already quantified.

Moreover, sensitivity analyses could be important to consider when
choosing the indicators, since performance levels can easily be influenced
by different factors. First, in case a choice has to be made between
indicators that cannot be dictated by theoretical and practical
considerations, the difference in overall performance should be calculated
when different choices are made. Second, should an assumption be made
about an indicator (for example a discount rate or an exchange rate) a
sensitivity analysis should be performed to see whether the results are
affected by changes in the assumption (Pierre, 1999).

Clearly, the specific indicators are difficult to put into a general blue-print
for social benchmarking. Additionally, the availability and contextual
relevance of the chosen indicators should be considered, especially
considering the countries to be included in the evaluation. The next two
chapters of this research will therefore concentrate on defining those
performance indicators that are necessary for benchmarking work-based
employment programs. Indeed, while the research question relates to
evaluating active labour market programs in general, it will be necessary
to define a narrower type of program for the benchmarking exercise. This
is because it would be impossible to define a concise list of performance
indicators that would be useful for benchmarking the complete active
labour market program of different countries. Such a benchmarking
exercise would go beyond the scope of this research project. Hence, in
order to keep the benchmark model manageable, a single activation
program will be benchmarked as an example of how activation programs in general can be benchmarked. Chapter 1 has already explained that work-based employment programs have been chosen as this specific program to be benchmarked, mostly because of their increased popularity in many countries, but also due to the large amount of criticism these programs raise. All things considered, chapter 4 will thus present the specific performance indicators that are relevant for the benchmarking of work-based employment programs.

Step 4: Measuring the indicators and aggregating the benchmark

The crucial step of a benchmarking exercise is undoubtedly the collection of data, since the scope of the evaluation will depend on the quantity and quality of the data used (Pierre, 1999). Three types of data can be used for social benchmarking: survey data, administrative data and secondary source data from reports and academic research. Survey data originates from interviews with individuals. The main disadvantage of such database is that it may be biased and thus not truly represent the reality of the individuals (Pierre, 1999). It is, however, very useful to use international databases which are based on survey data (such as the European Community Household Panel database) whenever possible, since this will foster comparability. Various types of surveys are performed by many stakeholders, and a careful selection of the data needs to be performed in order to retain only the most reliable studies. Second, administrative data comes from administrative records of the agencies part of the policy chain. This data is generally very reliable and free of sampling error (Pierre, 1999). However, this data is created for administrative purposes and thus offers only limited scope for academic research (Pierre, 1999). The last source of data is academic research, evaluation reports, and other secondary sources of data. The benchmark model as defined earlier attempts to analyze the full context of the policy and services, and it will need to look broader than data found in administrative records and surveys. Most data will thus need to originate from secondary sources of reliable quality, such as ministerial reports, academic research, and legal documents. Reliability will be a key issue here, which should be attained if internationally well trusted sources are used. Pierre (1999) suggested that in order to improve the quality of the benchmark and compensate for the weaknesses of different types of data, data from various sources should be used. This means finding the most appropriate data source for each indicator of the model. The author also mentions that qualitative data has been found to be a good complement to quantitative data.
In order to be able to conclude on the effectiveness and the efficiency of the programs, these indicators will therefore need to be aggregated into one single indicator representing each of the links of the policy chain. This is not to say that no conclusion will be possible when the indicators are taken on a single basis. On the contrary, some important conclusions on the programs will be reached while comparing single indicators, such as the sanctioning procedure and quantity of sanctions used. Nevertheless, a measure of the size of the input as a whole and the extent to which the process as a whole can be expected to reach good output and impact will also be needed in order to make generalised conclusions on the performance of the different programs. What is thus needed is an aggregation technique, which makes it possible to analyse single indicators and calculate an overall score for each component of the best-practice benchmark.

One technique which will make these two conditions possible is the use of radar charts. Radar charts have been proposed by Schütz et al. (1998), Tronti (1998), Mosley and Mayer (1999) and Jones (2002) as a way to clearly represent performance indicators. 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. Moreover, radar charts can be used not only to compare different countries, but also to compare the same country at different point in time. Figure 2 shows a radar chart for two countries with six performance indicators.

**Figure 2: A Radar Chart for two countries and six performance indicators**
Using radar charts for benchmarking has two main advantages. As already mentioned, radar charts provide a simplified presentation of multiple performance indicators in a way that is intuitive, even to non-experts and can thus be used by the many stakeholders of the evaluation (Mosley and Mayer, 1999). Indeed, radar charts are most useful for comparing performance on multiple dimensions simultaneously (Mosley and Mayer, 1999). For example, they have 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 that was made operational by radar charts to compare the level of gender equality in European countries.

The second main advantage of using radar charts is 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). This approach is also called the SMOP-approach, which stands for “Surface Measure of Overall Performance”. The formula for calculating this measure of performance is shown in appendix A. Consequently, the SMOP value can be used to aggregate the benchmark indicators in order to present both complete and deep information, as well as easily readable and summarised information. The previous sections showed that detailed performance indicators are needed to be able to analyse the source of performance gaps and their possible remedies. Yet, without an index or aggregation of these performance indicators, it becomes very difficult to see the relative position of different countries, since they might score high on some indicators by low on others. Radar charts are thus an excellent instrument for benchmarking, since the score on each indicator is left intact and visually analysable, while an aggregate performance measure is also made available. The benchmark model in part 2 of this research will be aggregated with the use of a radar chart and the SMOP for each of the category of indicator, that is to say, the input, process, output, impact and external factors.

2.4. Conclusions

This research has the objective to first develop a benchmark model which can be used for the evaluation of employment programs and then to use this benchmark on work-based employment programs around the world. Within this chapter, the first two steps of the benchmarking methodology have been performed. First, a best-practice benchmark model was chosen in which the whole policy chain would be included as part of the performance indicators. Second, the performance of the best program in
the benchmark will be the standard against which each program will be judged. Also, chapter one already discussed which programs will be included in the benchmark.

This chapter has already answered the first sub-question of this research by presenting different types of benchmarks and showing how in particular best-practice benchmarks based on the entire policy chain can be useful for evaluating active labour market policies. The benchmark model has been presented, but the performance indicators have been purposefully left abstract. This is because the choice of the indicators will mostly depend on the specific type of policies to be benchmarked. As a result, the discussion on social benchmarking in the specific case of work-based employment programs will now become the focal point of the research.
3. The three dimensions of work-based employment programs

What is known at this point is that the partial answer to the question “how can benchmarking be used to evaluate active labour market policies” is “through a best-practice benchmark which takes into account indicators of inputs, processes, outputs, impacts and external factors”. The definition of these five types of indicators has already been given in the previous chapter, together with examples of how these apply to active labour market policies in general. However, in order to choose specific indicators, this research needs to focus on a more specific type of program. The discussion will thus take a narrower stance and focus no longer on active labour market policies in general, but on mandatory work-based employment programs.

Before performance indicators can be chosen for the benchmark model, these types of programs must be defined, put into the context of active labour market policies, and analysed with respect to their intervention strategy. The research question of this chapter is thus: what are work-based employment programs and what are their intervention strategies for assisting the unemployed in entering the labour market?

3.1. Context and definition of work-based employment programs

It would be difficult to benchmark a labour market program without understanding the theories which form the basis of its intervention strategy. Indeed, this intervention strategy is central to choosing the various indicators of the benchmark model. Amongst others, the intervention strategy will provide a normative basis accounting for the need for this type of program. This normative basis will then be associated with the objectives to be achieved through work-based employment programs. Since the measure of effectiveness is based on the extent to which the objectives are reached, the normative basis will also guide the choice of output and impact indicators. But most importantly, the choice of the process elements will be directly guided by the determinants of success which are predicted by those theories. It is thus clear that the reasoning behind work-based employment programs cannot be ignored if one wants to accurately benchmark them.

This section will thus review the existing theories on the activation of unemployed persons through work-based employment programs. Often
these will overlap with theories on active labour market policies in general, such that much of the discussion would also be applicable for choosing indicators for a broader range of ALMP programs. Nevertheless, the focus here will be on mandatory work-based employment programs, since these will be the subject of the benchmark to be performed later on in part 2 of this research.

The theories and ideas about how to best help the unemployed return to the labour market are so wide ranging that a complete inventory is almost impossible. Nevertheless, what is possible is to first define broad categories of concepts that encompass most theories and ideas and thus provide a more focused framework for this analysis. What is also clear is that this field of intervention is very recent in history, meaning that theories and programs have been evolving rapidly and developing towards ever more sophisticated models. This adds to the complexity of the task of defining the theoretical model of intervention of work-based employment programs.

Chapter one introduced an important trend within the field of employment policies, namely the move to increasingly activating labour market programs. Within this context, work-based employment programs have become more and more popular. Indeed, as discussed earlier, the disappointing effectiveness and efficiency of active labour market policies did not mean that the pendulum returned back to its initial position. On the contrary, the reform has been pushed a little further, and labour market policies are now becoming “activating”, conveying an even stronger sense of dynamicity in the program.

“Activating” labour market policies focus significantly more on the active participation and commitment of the unemployed in the programs, whereas active labour market policies were less intensively demanding. Conditionality has also greatly increased, and the unemployed are being required to actively look for a job and to accept job offers made to them, at the same time as participating in mandatory employment programs.

Different typologies and descriptive analysis of the concept of activation can be found in the literature. Most notably, Serrano-Pascual (2004) argues that this move towards activation represents a paradigm shift in the intervention model. She builds her argument by first explaining how the core of the problem of unemployment has changed from being located within the political economy, where intervention was meant to appropriately redistribute wealth, to being located within the individual, where individual behaviour, motivation and attitudes are central to the intervention paradigm. Second, Serrano-Pascual points to the increased emphasis on the need to be active on the labour market to achieve social
inclusion, such that work becomes a prerequisite for citizenship. As a result, the basis for citizenship moved from the political and social spheres towards being based on economic criteria. The third fundamental feature indicating a shift in paradigm is illustrated by the principle of quid-pro-quo as core intervention mode. An increase in conditionalities can be seen by the importance of requirements that the unemployed should “deserve” their social benefits, which had always been considered to be social rights. This has implied a shift away from the more traditional social contracts towards moral contracts based on the responsible behaviour of individuals. According to Serrano-Pascual (2007a), this has lead to the use of new intervention instruments in which punitive measures take a large place, as well as new arguments justifying and legitimizing these new measures. This shift in paradigm has also implied that the role of the welfare state changed from being one in which the decommodification of labour was to be fostered towards one in which the state should enhance individual responsibility in achieving economic independence. Similarly, in their European comparison, Van Berkel and Hornemann Møller (2002, p.54) identify at least four different philosophies behind activation interventions to enhance individual responsibility, ranging from strictly paternalistic approaches to approaches that stress the autonomy of the individual.

In fact, the previous active labour market policies where based on the assumption that the only barrier individuals faced when returning to the labour market was their ability to work or their access to the labour market. As put by Larsen and Mailand (2007), the problem to be solved was that of insufficient competences and qualifications of the unemployed for getting a job on the labour market. Actually, this was the case for many workers whose skills where more appropriate for the industrial-based economy than for the service-oriented economy. However, with the increased focus on activation, the problem of unemployment became to be defined as caused by a lack of proper incentives to look for work and to remain active on the labour market. In other words, the willingness to work of the unemployed became increasingly questioned. Along this line, it was discussed by many policy-makers and researchers alike that motivational factors and personal disposition of the participants in the ALMP programs proved to be an important factor of success for active labour market policies (Glebbeek, 2005). Larsen and Meiland (2007) indeed mention how the idea of a motivational deficit within the population of the unemployed promoted a shift towards a social disciplining approach to labour market policy. The authors also highlight the link between this shift towards increased activation and the financial sustainability of the welfare state. Reducing the total costs of
unemployment benefits by reducing caseloads was an important factor in fostering political support for the reform of the unemployment benefits.

Pierson (2001) also pointed towards the fiscal domain as an influential factor for those reforms as he distinguished between three sources for reform. First, there is the need for re-commodification, where activation is needed in order to revive the link between income and being active on the labour market. Second, there is the need for cost containment because of pressures on public resources and the need to decrease social spending for fiscal sustainability. And, third, there is the need for recalibration in order to adapt the welfare state to the realities of the post-industrial society, where for example aging of population and the participation of women in the labour market are central.

Serrano-Pascual (2007b) suggested a typology of activating regimes found within European welfare states. The characteristics that she uses are the modes of managing individuals, and the balance of rights and duties in the social contract. First, the mode of managing individuals is meant to represent the way the states regulate the moral conduct of the unemployed in terms of behaviour and attitudes. Two views are then described which should encompass the modes of managing individuals in different countries. First, the moral-therapeutic management of behaviour can be seen as an understanding that the problem of unemployment results from the tendency of human nature to be idle and rational calculations leading to participation in the labour market if it is beneficial to do so. The other interpretation of this is that the unemployment is a result of personal failings on behalf of those individuals, who irrationally fall into a “culture of dependence”. All in all, the moral-therapeutic mode considers the unemployed unable to make the right choice with regard to being active on the labour market, and intervention from the state then takes a rather paternalistic nature. At the other end of the spectrum of modes of managing individuals is the notion that unemployment is a result of a bad match between the skills of workers and the demands of the market. Individuals are not managed according to their behaviour, but rather through their skills level and access to the labour market. Here again, two approaches can be distinguished: one in which individual skills should be developed, and the other in which the cost of hiring less productive workers should be decreased.

The second dimension used by Serrano-Pascual (2007b) to differentiate activation regimes is the balance between the Quid-Pro-Quo, meaning the balance between the rights and duties of the unemployed. In terms of rights, one can think of an unconditional right to financial assistance
through benefits, but also to the right to services that are provided by the state in order to assist the unemployed. The quality of those provisions should also be taken into account. Here, three separate models can be differentiated. In the first model, the duties of the unemployed are much more emphasised than the rights these have to receive assistance by the state. Conditionality within the benefit system is high and at the same time little effort is made by the state in order to facilitate the job finding process. The second model shows a more balanced situation where there is a large emphasis on both sides of the social contract. In this model, both the rights of the unemployed to quality intervention from the state as well as their duties in using these rights appropriately are important. The last model presents also a balanced situation, albeit one in which there is little emphasis on either the rights of the unemployed or their duties.

Using the two dimensions of modes of managing individuals and balances in qui-pro-quo, Serrano-Pascual (2007b) proposed to typologies activation policies into seven different regimes. These are presented in the following table, as well as the countries that belong to each regime according to the analysis by Serrano-Pascual.

Table 3.1: Seven activation regimes in European countries

<table>
<thead>
<tr>
<th>TRADE-OFFS</th>
<th>MODES OF MANAGING INDIVIDUALS</th>
<th>Source: Serrano-Pascual (2007, p. 14)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Duties larger than rights</td>
<td>Economic spring-board regime</td>
<td>- United Kingdom</td>
</tr>
<tr>
<td></td>
<td>- Civic contractualism regime</td>
<td>- Netherlands</td>
</tr>
<tr>
<td></td>
<td>- Duties equal to rights, both large</td>
<td>- Denmark</td>
</tr>
<tr>
<td>Duties equal to rights, both small</td>
<td>Minimalist disciplinary regime</td>
<td>- Portugal</td>
</tr>
<tr>
<td></td>
<td>Fragmented provision regime</td>
<td>- Spain</td>
</tr>
</tbody>
</table>

This typology is, however, not the only one in which the different responses to unemployment are described. Amongst others, Sirovátká (2007) proposes to categorise activation policies into three approaches: the weak activation approach which is found in countries of Southern Europe, where unemployment protection is meant for those with long and uninterrupted careers; the selective activation approach in countries where unemployment benefits are meant for the typical bread-winner family model typical to many continental European countries; and the
strong comprehensive activation approach that is found both in liberal welfare regimes as well as in the universal regimes found in Nordic countries, although the goals and methods to achieve this strong and comprehensive approach differ widely between these two cases. Most other typologies of activation policies differ from the approach presented by Serrano-Pascual (2007b) and Sirovátka (2007) by the fact that they present a dichotomy, which contrasts the two models of strong comprehensive activation approach as defined above. One of the most commonly used is the one presented by Lødemel and Trickey (2001), who speak of the human capital approach versus the work-first approach. The human capital approach, typical of the Nordic countries, aims at increasing employability through skills, and the work-first approach, typical of Anglo-Saxon countries, focuses on labour market attachment as a stepping-stone towards sustainable jobs.

Which one of these definitions and typologies is most appropriate is not the point of discussion here, and neither is the objective to give some clarity on the debate whether these changes represent a change in paradigm or merely changes in instruments or discourse. What is shown here is the extent to which the focus on the activation of the unemployed has shifted from a pure human capital discourse, in which the problem of the unemployed was defined in terms of lack of skills, towards a more complex depiction of the reality by also pointing towards the willingness to work and other individually determined characteristics. Indeed, most scholars would agree that the explanation of the problem of unemployment has shifted from the domain external to the unemployed, such as social conditions, power imbalances and macro-economic factors, towards factors internal to the labour supply, such as willingness and ability to work.

In addition, what should be noted here is the wide range of definitions given to a large spectrum of policies, interventions and instruments which, to a great extent, overlap each other. Specifically, three different terms seem to overlap and receive varying definitions from study to study. These are the concepts of activation, workfare and work-first. For example, activation has been described by Lindsay and Mailand (2004) to define any policy seeking to integrate unemployed people into the labour market, particularly by requiring some form of compulsory job search, training or work-based activity. However, this seems to overlap with the definition of workfare given by Hvinden (1999), who said that ALMP is a mix of positive and negative sanctions, while workfare has a greater emphasis on negative sanctions. Especially, workfare is not well defined in this field of research, as acknowledged by Lødemel and Trickey (2000, p.3) as well as Barbier (2005). Also, Peck (2001, p.10) discussed how
indeed workfare has been used as a generic term to refer to both individual welfare-to-work programs as well as paradigmatic reforms towards work-oriented welfare regimes. He himself defines workfare as a political-economic tendency associated with a variety of discursive representations, restructuring strategies, and institutional forms (Peck, 2001, p.11). This definition contrasts with the approach taken by Lødemel and Trickey (2000, p.6), who define workfare as “programs or schemes that require people to work in return for social assistance benefits”. However, as also noted by Barbier (2005), throughout Lødemel and Trickey’s international comparison of workfare in seven countries, their definition is greatly relaxed to include many different programs in which not work but training or schooling is the mandatory activity. This was surely true in the context of European countries at the end of the nineties, such as France, Germany, the Netherlands, Norway and Denmark. In this perspective, while Lødemel and Trickey speak of an international comparison of workfare programs, what they compare resemble much more what is defined as activation programs by Lindsay and Mailand. On a rather different note, Handler (2004, p.142) defines workfare in the Western European context to be actually equal to the definition of active labour market policies, although a further reading of the text shows that these definitions relate more to the move towards activation as defined earlier. In addition, Handler (2004) also speaks of “work-first” as a strategy in which work is seen as the utmost priority for employment programs, which resonates with the definition given by Peck for workfare, as well as with definitions of the activation paradigm as described earlier. The difference between active labour market policy, activation, workfare and work first can thus not be drawn from the research that is already available.

These confusions, inconsistencies and incoherencies have lead this research to dissociate with the terminology of workfare, work-first or activation programs. The choice here is to speak of work-based employment programs, and not of workfare or work-first programs. The definition used is therefore the following one: work-based employment programs combine mandatory work-activities with job search assistance and training. Their objective is to provide appropriate incentives and assistance to the participants to return to the labour market. As can be seen, whereas active labour market programs offer mostly job search assistance and training to their participants, activating programs also intensively engage their participants in activities designed to increase the probability that the participant will take-up employment on the regular labour market. Within this reform towards more activating labour market interventions, mandatory work-based employment programs emerged as a dominant program in many countries.
This definition is a mix of those found above. First, it overlaps with the definition of ALMP as given by Hvinden (1999), since it combines elements of both positive and negative incentives. Similarly to the definition of activation as given by Lindsay and Mailand (2004), work-based employment programs entail compulsory participation in job search assistance, work-activities and possibly training. The definition of work-based employment programs is the closest to the initial definition of workfare from Lodermel and Trickey’s (2000), which they had to adapt later, as too few countries would match this narrow definition. Since the emergence of programs that require mandatory work-activities has increased largely since the publication of their study, it will be much easier to uphold the criteria that work-activities have to be performed. On the other side, this definition is not meant to define a paradigmatic discourse such as the definitions of Handler (2004) and Peck (2001). With the rise of the activation paradigm, almost any developed welfare state can be said to be a Work First welfare state or a “Workfare state”, in which regular work is seen as the primary objective and the prime mean to achieve economic-self sufficiency. This definition is thus too broad, and does not correspond to the specific type of programs this research is intended to benchmark.

The definition of work-based employment programs will be made operational by using several characteristics as its basis. This is in order to allow for a sufficient number of programs to be included in the benchmarking exercise of Part 2, since using too many characteristics would result in the exclusion of many programs since international variation in characteristics is important. Moreover, using too few characteristics would result in a much too broad definition in which very different programs would be regarded as being similar, making the task of benchmarking much more difficult. As already discussed in chapter 2, the more dissimilar the types of programs to be benchmarked are, the more indicators need to be included in the benchmark in order to take into account these differences. Considering the constraints of this research, it is important to make sure that the programs are similar enough to require the use of a sensible number of indicators in the benchmark.

Taking these aspects into account, three necessary characteristics and one optional characteristic compose the operational definition of work-based employment programs. First, these programs must be mandatory and make use of sanctions in case of non-compliance with the requirement to participate in the program. This characteristic will make sure that the basis for the conditionality of the program will be the same. Second, the
programs’ target group must be people of working age who are deemed able to work, that is to say, those claiming social assistance, unemployment insurance or unemployment assistance. This thus excludes programs that are meant to activate people with disabilities or people who do not have the capacity to work. This is because provisions which are meant to rehabilitate those with physical barriers to work are very different from the provisions meant for the unemployed in social assistance and unemployment benefits. Also, it is important to note that both current and potential claimants can be part of this target group. Third, a work-activity must be performed by the participants within this program. This work-activity can be in the public or the private sector, for a voluntary organisation or any other type of working environment, as long as the activities can be considered to be of some productive value, whether market-based or not. The last characteristics is non-excluding but serves to show that programs may also complement their work-activities with job search assistance, training or other type of labour market interventions. This is to make sure that it is understood that programs can be of the stricter workfare type, but other softer forms of work-based programs where other elements than “stick” elements are present are also part of the definition.

In sum, the operational definition of work-based employment programs is:

Work-based employment programs are:
- mandatory employment programs, where sanctions apply when refusing to participate,
- for social assistance, unemployment insurance or unemployment assistance benefit claimants (current or potential),
- where work-activities are being undertaken by the participants,
- which can be complemented by other employment services such as job search assistance or training/schooling.

3.2. Ability, willingness, and access to work

This section will draw up a framework in which the intervention strategy of work-based employment programs can be analysed. As will first be explained, unemployment can be considered to be caused by three factors: not being able to work, not being willing to work, and not having access to work. Hence, through their intervention strategy, work-based employment programs attempt to improve the chance the unemployed will enter the labour market by acting on three dimensions.
Ability to work

The problem of structural unemployment can be seen to be partially caused by a mismatch in the skills needed to perform the jobs for which there are vacancies and the skills possessed by the unemployed. This is referred to here as a situation where the unemployed is unable to work, because he or she does not possess the qualifications and skills needed to perform the job. It should thus be clear that this does not refer to a physical incapacity to work. Indeed, although many policies might be oriented to assist those with physical or psychological barriers to enter the labour market, this target group is not part of this research. Inability to work here is thus seen as a matter of skills, productivity levels and qualifications, rather than an incapacity to perform work-activities due to factors outside of what is considered to be human capital. The reason physical or psycho-social inability to work is not included here is that the target group of work-based employment programs refers here exclusively to persons claiming social assistance or unemployment insurance benefits, and not those claiming incapacity or disability benefits. In fact, provisions which can assist those claimants in becoming able to work are of a completely different nature than those meant here, since these refer to provisions such as health related services, work-place adaptations, flexible work arrangements, and more. To be clear, the services which are meant here to assist those unable to work to become able to work have to do with training, schooling, and work-experience provisions.

Indeed, especially in the shift from an industrial economy to a post-industrial economy, the type and level of qualification needed to perform many jobs has changed greatly. Since many of the long-term unemployed came from declining industries (mining, manufacturing, etc.), they had to be re-trained in order to possess the skills needed to perform the jobs now available in the growing industries, such as the service sector. In this way, the pressure on sectors where there was excess supplies is alleviated, and sectors with excess demand benefit from a new supply of labour, which at the end results in higher level of employment within the total population (Calmfors, 1994).

Most of what are known as typical ALMP programs were indeed meant to re-train the unemployed for the jobs available in the labour market and to increase their productivity level so as to make them more employable. Sweden was the pioneer in these types of interventions and was in fact very successful at combining labour market flexibility with social security (Dorstal, 2008). In general, this focus on human capital instead of only on income replacement was also part of a general shift from demand-side (Keynesian) interventionism which concentrated on aggregate growth to
spur increases in labour demand, towards a supply-side interventionism based on the skills level of the labour supply.

Regarding Human Capital, two types of skills can be distinguished. First, hard skills refer to education levels and qualifications. These are acquired “in the classroom” and/or with practical experience “on the job”. Second, soft skills represent the interpersonal skills needed to function in a workplace. For example, communication skills, the ability to work with others, the ability to work under the authority of an employer and other types of personal skills other than pure knowledge of the work to be done thus comprise this category of skills.

Willingness to work

Two different approaches to analyse the willingness to work can be taken. These were already discussed when looking at the typology of activation regimes as developed by Serrano-Pascual (2007b). Indeed, one approach is to consider the willingness to work to be a product of rational calculation where the costs and the benefits of taking-up work are weighted against each other. Besides this approach based on rational calculations, another approach stresses the behavioural and moral failures of the unemployed as the reason why they are not active on the labour market. Both of these approaches will be discussed next by looking at how unemployment can also be explained as an unwillingness to participate on the labour market.

Economic theory on the supply and demand of labour shows that the match between skills possessed by the potential employee and the skills demanded by the potential employers are not the only determinant of a successful match. In addition, the costs and benefits perceived by the individual in taking that job will influence whether the potential employee will want to accept a job offer (Walker, 2005). The presence of unemployment benefits means that it is possible not to be employed and still receive some income, influencing unemployment rates. In other words, unemployment benefits have an impact on the cost-benefit calculation or whether to work or not. In fact, as will be shown, unemployed persons can be unwilling to work if the benefits arising from working are lower than the costs of taking-up employment and leaving a benefit scheme.

The costs of taking-up a job are made-up of the monetary and non-monetary losses experienced when moving from a benefit-recipient status to an employee status. These costs comprise not only the loss of income from the benefit, but also the loss of income from the payment of income.
taxes and social contributions. Also included are the loss of leisure time and its associated opportunity costs, the indirect costs associated with employment (such as clothing, transportation, meal and care costs), and the loss of fringe benefits associated with the welfare-recipient status (such as discounts on public transport and other public services). On the other side of the equation, the benefits of taking up a job are obviously the wage which will be received. In addition, this side of the equation also comprises of a variety of non-monetary benefits of social, psychological and cultural nature, which are related to participating in the labour market. These benefits will, however, vary greatly between welfare claimants, since their socio-cultural and psychological well-being is not clearly predictable based solely on the fact that they are not active on the formal labour market. For example, it is ambiguous to state that an individual will gain a better sense of self-worth from formal employment, as they could have been involved in activities that could be considered by the person to be more rewarding than the offered job, such as voluntary work or taking care of children. This is especially true if the person enters precarious low-paid jobs, which might increase financial insecurity. Nevertheless, it is generally acknowledged that in many cases, employment will bring along a range of benefits of social, psychological and cultural nature, which will increase the value of work in the cost-benefit analysis.

Unemployment is thus exacerbated by the fact that it might be unbeneficial for the claimant to take-up a job. This phenomenon is also called the unemployment trap, indicating that once one “falls” into unemployment one will become “trapped” in this situation. This is surely true if, on the monetary side, the wage to be earned will be lower than the benefit level, but non-monetary factors can also play a large role. Indeed, one can also imagine a situation where the possibility of enjoying much more free time when claiming unemployment benefits will mean that the wage to be offered would need to be somewhat higher than the benefit in order for the claimant to choose to work. The opposite is also possible, where a person will accept to work for a salary which will actually be lower than a possible unemployment benefit, in order to avoid the stigma and negative associations of claiming benefits. The way the different costs and benefits of taking-up employment are weighted will thus vary greatly from one person to the next, depending on factors such as the preference for work and the productivity level of the individual.

Assuming that benefit claimants are rational decision-makers, a solution to unemployment can be found in either lowering the costs of taking-up a job, increasing the benefits of taking-up a job, or a combination of both. Many factors can thus be altered in order to do so. Amongst others, the
The cost of leaving unemployment can be lowered by decreasing the amount of free time by making job search and participation in programs mandatory. This way, forgoing leisure will not make-up a large part of the opportunity costs of working. Furthermore, lowering the benefit level will also result in lower costs of taking-up work since it is less likely that the benefit will be higher than the potential salary to be received. In addition, by increasing the wages that the claimants will be able to earn, the benefit of taking-up employment will be increased. These types of policies are often named “make work pay” policies and usually provide income tax incentives and minimum wage standards to make sure that those at the lower end of the labour market benefit more from working than from not working.

At last, it should be noted here that while it may seem that willingness to work and ability to work are two very different categories of explanations for the problem of unemployment; this is far from being the case. In fact, one solution to the unemployment problem as described above is to raise the wage rate above a certain threshold where work is always preferable to claiming benefits. This is thus in direct link with the Human Capital of a person. By raising abilities to work, a person will become increasingly willing to work and claiming a benefit will become less and less satisfying.

The analysis presented so far refers to a rational choice model in which individuals are assumed to be utility-maximizing. However, this is not the only possible interpretation of the reason why some unemployed are able, but unwilling to work. Here, individuals are seen as lacking motivation to work and are thought to “not to know what is best for them” (Serrano-Pascual, 2007b). Moral failure, and not market-failure, is then at the heart of unemployment. The unemployed are assumed to act irrationally, making a choice which at the end is not in their best interest. Indeed, as Classen and Clegg (2006) have identified, the justifications for reforms are not so much centred on these macro-economic arguments anymore, but have become much more normative. The mere presence of an option where one does not work but still enjoys a decent level of income is tolerated less, colliding with many established notions of social justice and social solidarity (Classen and Clegg, 2006). In fact, the right to social benefits is increasingly being seen as a conditional right in which certain obligations arise. These obligations are part of a quid-pro-quo, in which the unemployed must do something in return for the benefits they receive. Concerning this approach to unemployment, Shaver (2002) noted how, from this moralistic perspective, activation is often voiced in the negative, as a critique of 'passive welfare' that links 'welfare dependency' with various social pathologies. In addition, she observed a discursive
shift towards neo-conservative analysis couched in the language of character and culture.

Similar to the first approach, the second approach shows that the situation where individuals choose not to work and to claim a social benefit is deemed inefficient, but this time not from a macro-economic point-of-view, but from more of a social contract point-of-view. In this second approach, it is deemed wrong that the unemployed have a right to a benefit, without having any responsibilities attached to it. Attaching responsibilities to look for work and do everything possible to increase chances to find work to those social rights is then seen as necessary in order to maintain social justice. Conditionality is thus at the heart of this approach to unemployment.

Conditionality also has a role to play in the first approach, since rational-thinking and the unemployment trap can be seen as some form of market-failure, in which rational behaviour at the micro-economic level is not optimal for macro-level social welfare. Hence, the unemployed should be coerced through conditionality to not do what is best on an individual level, but to do what is best for society in general in terms of economic growth. Although both these approaches rest on opposite assumptions with respect to rational decision-making, the implications of these approaches for employment programs will be similar. Unwillingness to work can either be reversed through making work more beneficial, or thought conditionality.

Access to work

Nevertheless, unemployment can also arise if a person has the appropriate hard and soft skills that match the demands of the labour market and if the choice of working is more interesting than not working. Being able to have access to the labour market is also necessary, and thus lack of access to work is also part of the explanation to unemployment. As is known, frictional unemployment is caused by the delay between the time one searches for a job and the moment one finds an appropriate job. This type of unemployment can therefore be reduced by making sure the unemployed can quickly have access to job openings, through job brokerage and other types of job search assistance.

But besides the idea that there are some frictions in the match of the supply and the demand of labour, there is also the idea that the unemployed lack the ability to apply successfully to jobs that are being offered. This also touches similar skills as the soft skills discussed when looking at the ability to work, such as communication skills. However,
the issue at hand here is not related to skills needed for the work-tasks to be performed and the functioning in the work-environment. Rather, these strictly refer to skills that make an unemployed successful in his/her job application. The boundary of soft skills relating to human capital is made less clear by the fact that there is a great deal of signalling effect coming from these "job search skills", such as the way a person presents himself to a potential employer. These signalling effects of search skills will be used in order to judge the quality of soft skills needed in the workplace.

Labour market programs have, for a long time, tried to correct this lack of access to the labour market by providing some specific job search training to the unemployed. This includes assistance with writing a resume, practicing answering questions in an interview, as well as developing self-confidence through counselling. Labour market programs can also provide direct access to potential employers through activities meant to increase the network of the unemployed. Moreover, the employers' attitude towards the unemployed, either based on real or unreal prejudice, has also been identified to affect the accessibility of the labour market for the unemployed (UK In house report 67, 1999, p. 42). Subsequently, the public employment service can try to increase the access to the labour market for the unemployed by trying to change the stigma that is associated with claiming benefit. Also, providing experiences which are likely to remove these prejudices would be an effective way to increase access to the labour market. Clearly, increasing the access to work can be done through both the supply and the demand of the labour market.

In fact, many non-skills related barriers to work mean that access to work is restrained. In the United Kingdom, barriers to work have been identified as going further than a lack of jobs on the labour market and a lack of skills to perform the available jobs, but are also said to include broader social or psychological barriers (In-house report 67, 1999, p. 8). Good examples of these are the lack of transportation means to attend job interviews and the lack of childcare facilities. Social provisions which are meant to eliminate these types of barriers to work all increase the access to work for the unemployed.

Furthermore, many authors have also stressed the importance of networks in finding a job. According to network theory, informal weak ties can be very productive in assisting the unemployed in making contacts with potential employers (Granovetter, 1974). Larsen (2007) has shown through quantitative research of the job search success of Danish unemployed that the presence of networks was as important as the presence of economic incentives in finding a job, if not more important.
He therefore explains that the lack of networks, especially weak networks
of acquaintances and contacts (such as former colleagues or members of
associations one is part of), is one of the factors which aggravates the
vicious circles of unemployment.

In addition, the sociological job search model which was developed by
Goul Andersen (2002) also highlights the barriers to work not only
include low skills by also the lack channels through which the labour
market can easily be accesses. One of his suggestions is that those
claiming benefit also do not have the time and resources necessary to find
a job since most of them are living at the brink of poverty and must use
their energy in order to cope with the small amount of resources they
have. One can imagine that searching for affordable accommodation and
cheap food becomes a priority over finding a job in the regular labour
market. Actually making sure that benefit levels are substantial enough
in order to free the claimants from these time and resource consuming
concerns could therefore also be seen as a mean to increase the access to
the labour market. The provision of social housing, subsidized child care,
debt help, subsidized public transportation, free health care can thus
clearly be linked with attempts to increase the access to the labour market,
even though these will most likely not be directly part the employment
policies as such.

A three-dimensional intervention strategy

The boundary between the ability to work, the willingness to work and
the access to work are all very close to each other. Those three qualities
required to find a job were shown to be closely related to the hard and
soft skills of the unemployed, but these must be acknowledged to refer to
a broad array of capabilities, from education levels to “self-marketing”
abilities. It is also clear that an effective solution to the problem of
unemployment must address those three dimensions, since all three must
be present in order to successfully find and keep a job.

An evaluation of labour market programs should thus take into account
the dimensions of ability, willingness and access to work when analysing
the success of a program. That is not to say that all three dimensions will
be equally present in every program. On the contrary, one of these
aspects is likely to dominate from the others, and this aspect will form the
most prevalent normative basis of the program. Nevertheless, all three
norms will co-exists within each program, partially due to the legacy of all
lessons learned in the past, which showed that all three dimensions can
positively affect rates of exit-to-work.
From a theoretical point of view, mandatory work-based employment programs have the potential to improve on all three of those dimensions. As mentioned above, mandatory work-based employment programs were not created in a vacuum space but stem from lessons learned from what was previously implemented. Since Active Labour Market Policies were very oriented towards the ability to work, some elements of this solution to unemployment can be found in its normative basis. However, work-based employment programs not only focus on the ability of the individuals but also intend to influence the willingness to work through first, activation conditions and second, through increasing productivity levels and thus the wage rate. Moreover, access to work is also targeted through this type of intervention. This is done through job search assistance and provisions which allow the unemployed to become more attractive to potential employers, such as having a recent work-experience on their résumé. These aspects will be discussed in more detail later on, but it suffices to say here that work-based employment programs should be evaluated against this three-dimensional intervention model.

These three dimensions will thus form the normative basis of the legitimization of these programs as an intervention on the labour market. This legitimisation strategy will contain three elements. The first element of this legitimisation strategy is the "reciprocity" argument. This definition of legitimacy is highly normative, and uses concepts such as the social contract to explain social interventions from the government into the work-decisions of individuals. This normative interpretation of legitimacy is the most prominent one in the debates on conditionality in social security benefits eligibility. The question here is whether the unemployed should be forced through activation conditions to participate in employment programs, or whether there exist an unconditional right to social security. The answer to this in the Reciprocity strategy is that claimants should be required to participate in employment programs because they must give something back for what they receive. Other words for this would be that there is a quid-pro-quo for receiving social benefits. In fact, the situation where an individual is unwilling to work because utility is higher when receiving an unemployment benefit is here seen as undesirable and inefficient. While some of these explanations refer to giving something back to the tax payers who “pay” for the benefits, other remain more abstract in this normative source for the quid-pro-quo and rather see this as a general rule that any rights must come with an obligations.

The second element of the legitimisation strategy is the “employability” argument. Here, the argument for why participation should be required is centered on the improvement in the employability of the participant.
Evidently, the normative arguments are based on economic theories and sociological theories which stress the importance of skills for the return to the labour market of claimants. This employability argument is based on the fact that participation in mandatory employment programs provides the participants with both specific work-skills as well as soft-skills such as proper work-attitudes in order to increase their level of employability. Deacon (1998) has also recognised this legitimisation strategy as being one which justifies making employment programs compulsory in a rather authoritative way. Indeed, the claimants are here deemed as not perfectly knowing what is best from them, and making these employment programs compulsory makes sure that even those myopic with regards to this investment in their Human Capital will take part in the program.

Finally, the third element of this legitimisation strategy is the “social inclusion” argument. This refers to the idea that unemployment, especially long-term unemployment, can lead to social exclusion and social marginalisation. This can in turn lead to a decreased access to the labour market. Mandatory participation in employment programs would then counteract this by providing an opportunity for the claimants to still take part in activities which provide some means of social interaction and social recognition. The networks which will allow the individual to have access to potential employers will then be maintained, or added upon, so that unemployment will not result in the lost of important ties to the labour market. In other words, mandatory employment programs prevent the rise of an under-class of claimants who are excluded from participation in society through the labour market. Central here is also the claim that the labour market provides a great deal of opportunities for social integration and social recognition, as opposed to other activities such as care.

Following these three arguments of the normative basis for work-based employment programs, an intervention strategy will be created. If each dimensions of the propensity to take-up a job are considered simultaneously, a three-dimensional model of individual propensity to return to the labour market is created, which is made up of 8 different quadrants (figure 3). The first group to be discussed portrays the situation in which the individual is both able and willing to work, but does not have access to the labour market. For those individuals, the barrier to finding employment lies in the fact that they are not able to find a proper match on the labour market on their own. For these individuals who are able and willing to work, the provision of job search assistance in terms of job brokerage can be the solution of the problem. For others, assistance with the application process may be necessary in order to give the appropriate signalling to potential employers. It can also be that
potential employers are prejudiced against social assistance claimants, and working towards the removal of these prejudices may be necessary. One example of this is to allow the claimant to take part in the regular labour market as part of the employment program, such that the claimant possesses a recent work-experience when applying for a job on the regular labour market.

Figure 3: Three-dimensional intervention strategy

The second group is made up of individuals who are willing to work and have proper access to the labour market, but are unable to productively participate in the labour market. These individuals will need appropriate training and schooling in order to find an employer willing to offer them a job at a wage which corresponds to their marginal productivity. When active labour market policies were designed, this group was assumed to be the most important group making up the stock and inflow of welfare recipients.

The two next groups are defined by looking at the second dimension to the model, the willingness to work and forgo unemployment benefits. The third group consists of those who are able to work, but who are not willing to leave their benefit recipient status. The fourth group is made up of those individuals who are both unable to work and unwilling to work. For both these groups, the incentive to work will need to be
influenced by the program, making work more valuable in their choice between work and leisure. This can of course be achieved through, as was mentioned above, making the benefit conditional to participation in the program and looking for a job while being unemployed. Also, by increasing Human Capital, the wage which can potentially be earned will be increased, making work potentially more rewarding than before participating in the program.

All in all, seven groups are thus presenting at least one element which represents a barrier to finding a job, and some of these groups are burdened even with two or all three of these barriers. Hence, provisions which base their intervention strategy on the ability, willingness and access to work would be able to assist all these groups in finding a job on the regular labour market. Furthermore, one important aspect of labour market interventions is their preventive aspect. Individuals are assumed to be mobile between the various quadrants not only in a positive way, but it is also assumed that with time individuals can lose their ability to work, their willingness to work and also their access to the labour market. Such an assumption is based, amongst others, on a variety of studies on long-term unemployment, which show the increased dependency on welfare as the duration of the welfare claim increases (see Jackman and Layard (1990), Heady et. al. (2000), Dockerty and Webster (2001) and Korpi (2001)). Labour market programs such as work-based employment programs therefore focus a great deal of attention on preventing those who are able and willing to work and who have good access to the labour market from becoming unable or unwilling to work, or losing their connections to the labour market.

As already said, in theory, work-based employment programs as well as activating policies in general take into account the existence of these seven groups of unemployed. In fact, the intervention strategy of work-based programs is often explicitly directed at changing the ratio between the amount of people that are unwilling and unable to work towards the direction of being able and willing to work, all of this while providing channels to access the labour market. Work-based employment programs as defined in this research generally offer three types of activities, that is to say, job search assistance, training opportunities (either on the job or in an educational program) and work activities. Using these three activities, the programs intend to influence job search capacities, productivity levels, and preferences with respect to work and leisure.

First, job search assistance has for objective an efficient matching of labour supply and labour demand as well as increasing the job search
capabilities of the unemployed. Job search assistance is made up of job brokerage, assistance with application procedures, job search skills training, counselling, as well as monitoring and sanctioning of search behaviour. This thus both have an effect on the access to work as well as the willingness to work (especially regarding monitoring/sanctioning of job search behaviour). On the border between access to work and ability to work, job search assistance can also help the unemployed with giving the appropriate signalling effect in certain aspects of the application procedure, which will be used by employer as an indication of the ability to work.

Second, training programs includes specific skills-training aimed at increasing productivity as well as more "on the job" training which occurs through the work-activities. Some program will allow the participants to acquire general education through recognised adult education centres (for example, obtaining a high school diploma). Other programs will focus their training on specific vocational education (for example, obtaining a mechanics qualification). Also, training can be more informal and not lead to recognised diplomas, but be focused on specific work-related skills (for example, training to be able to operate a cash register, or a fork-lift truck).

Third, work activities can be made up of different kinds of activities, and are mostly distinguished by the way they are rewarded and the environment in which they take place. First, the work activities can be performed in return for a welfare benefit. Otherwise, the work activities can be rewarded by salaries based on a regular employment contracts. Second, work activities can take place in a work environment that is set-up and ran by the government. They can also take place in a real work environment managed by a firm where the program participants are treated as real employees. Often, these two distinctions will coincide with each other: publicly ran programs will reward the participants with a benefit, while private work environments are coupled with regular employment contracts and thus a regular salary. Nevertheless, this typology is far from being true for all projects and all combinations of these two distinctive elements are possible.

It is important to note that this paper departs from the definition of work activities of Work First presented by Ochel (2005). Ochel constrained his definition of work-activities to workfare activities which purely concentrate on "work" and not any other type of training, skills improvement or activation objectives. However, it can hardly be denied that, in most programs, work activities have a skills-training effect, even though in some case it is seen as an indirect effect. In fact, many
programs incorporate skills training and other types of job-performance training in their work activities, such as the training of work-ethics, making those activities not only about “work”. Considering this, those work activities could be seen as interventions aiming to increase willingness to work since the choice is presented to the unemployed is not anymore between work and leisure but between work and “work-based employment program”. However, it is also clear that abilities to work are also improved through the experience provided by the program. These could be actually hard skills such as better experience with specific work-skills such as landscaping, or the more soft kind of skills such as the ability to work in teams.

At last, the access to work is also greatly improved through these work-activities. One obvious example is that these programs can bring the unemployed directly in touch with real employers which can then be part of the network of the person looking for a job. Also, the work-activities can assist in diagnosing the barriers to work such as lack of means of transportation or childcare facilities. Increases in proper signalling effects coming from having had recent work-experience is also one way work-based employment program can increase access to work. Likewise, Bogdanor (2004) identified four reasons how work-requirements can be beneficial. These are 1) Reducing fraud, since while the participants are required to work they cannot spend their time in undeclared jobs; 2) providing real work incentives by eliminating the option of “something for nothing”, which was already mentioned above; 3) maintaining work habits, which are necessary in order to be qualified “able” to work, but also as part of the job search efforts in order to send out proper signals to potential employers; and finally 4) to provide work experience, also here in terms of real hard and soft skills acquisition but also necessary in order to have access to the labour market.

Table 3.2 on the next page summarizes the effect of the program components on the different factors influencing the choice to take-up a job.

It is important to mention that in order to curb the incentives of those unwilling to work, work-based employment programs must be mandatory for all selected participants. It would be ineffective to make the program optional, as the incentive structure of the cost-benefit calculations regarding employment will also make work-based programs unattractive for most individuals unwilling to work. It is also important to notice that the cost-benefit analysis between participating in the program or taking-up regular employment is also valid for individuals who have yet to make a welfare benefit claim (new entrants). The same is
true for individuals who already claim a benefit but are not part of a work-based program. This is possible since participating in the work-based employment program is mandatory for the selected participants, meaning that the costs and benefits arising through the program are unavoidable.

### Table 3.2: Intervention strategy of work-based employment programs

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Ability</th>
<th>Willingness</th>
<th>Access</th>
</tr>
</thead>
<tbody>
<tr>
<td>Norm</td>
<td>Employability</td>
<td>Reciprocity</td>
<td>Social Inclusion</td>
</tr>
<tr>
<td></td>
<td>&quot;The unemployed should participate because hard and soft skills need to be maintained or improved in order to maintain or increase productivity&quot;</td>
<td>&quot;The unemployed should participate because he/she needs to give something back for what he/she receives&quot;</td>
<td>&quot;The unemployed should participate because ties with the labour market should be maintained or improved, and specific skills are needed to apply successfully to a job&quot;</td>
</tr>
<tr>
<td>Instrument</td>
<td>- Training programs</td>
<td>- Work-activities</td>
<td>- Job search assistance</td>
</tr>
<tr>
<td></td>
<td>- Work-activities (on the job training)</td>
<td>- Training programs</td>
<td>- Work-activities</td>
</tr>
<tr>
<td>Effect</td>
<td>- Better match with labour demand</td>
<td>- Changed preferences for work versus leisure</td>
<td>- Network</td>
</tr>
<tr>
<td></td>
<td>- Increased productivity</td>
<td>- Increased productivity</td>
<td>- Job search skills</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- &quot;Employability&quot; through proper signalling</td>
</tr>
</tbody>
</table>

Concluding this section, it is clear that the intervention strategy of work-based employment programs is based on three dimensions of the propensity to take-up employment: the ability to work, the willingness to work and access to work. Indeed, economic analysis shows that the choice between work and leisure will depend on the productivity of the worker (his/her ability to work), its utility derived from work (his/her willingness to work), and its ability to have proper access to vacancies and potential employers. It is therefore possible for work-based employment programs to increase the propensity of the welfare recipient to take-up employment by providing a combination of job search assistance, training, and work-activities. By doing so, this allows for the possibility of a mixed system of work-based social security system which rewards work while not punishing unemployment, providing the equilibrium between self-reliance and altruism (Solow (1998) in Beaudry, 2002, p.23).
3.3. Carrots, sticks, and incentives to return to work

Overarching this intervention-strategy, a distinction can be made between two different types of instruments. As noted by Le Grand (1997), these instruments assume that the unemployed are rational actors, who will make an informed decision on how to act as a response from various incentives (in Lødemel and Trickey, 2000, p.14). On one side are thus the disincentives to stay in the benefit or to be inactive within this benefit. These negative incentives are mostly attempting to make it the least attractive possible to stay in the benefit, and are therefore often called the “sticks” of the programs. They can also be seen as a punishment for having to claim a benefit and being inactive for a while, and not finding a job quickly. On the other side, one finds the positive incentives to find a job and to participate in employment programs, which are also called the “carrots” of the program. A good example of a negative incentive is the lowering of the benefit level as the duration of unemployment increases. With respect to work-based employment programs in specific, mandatory participation enforced through sanctions is surely a major “stick” of the programs, as well as in general the activation conditions that the participants need to fulfill. On the other side, giving a bonus to someone who takes part in the work-based employment program would be considered a positive incentive, or in other words, a carrot. Also, provisions such as training and job search assistance, as well as interesting work-places which will provide relevant work experiences can be seen as a positive incentive with respect to work-based employment programs.

This carrots-and-sticks metaphor shows that some elements of employment programs are meant to reward participants and “pull” them away from unemployment, while other elements are meant to punish and to “push” towards employment. As mentioned by Handler (2004, p. 26), such as strategy is assuming that the problem of the unemployed is that they do not have the proper incentive structure to enter the labour market. The two instruments overlap with the intervention-strategy as discussed above, but clearly, most negative incentives will be found within the willingness-to-work dimension. Nevertheless, mandatory job search can be considered a stick and does fall under increasing access-to-work, so such a distinction is not clear-cut. Within the dimension of increasing skills, examples of negative incentives are more difficult to find, but mandatory training program could also make it less attractive for someone to claim a benefit if one does not regard such training as useful.
Most prominent in the discussions surrounding work-based employment programs are the “sticks” of the program. Lødemel and Trickey (2000, p.14) even go as far as claiming that an ideal-type workfare would per definition place a greater emphasis on disincentives in the form of sanctions. Even though work-based employment programs in this benchmark are also defined as using sanction, this research does not stipulate at first that a stronger focus on negative incentives is key to these programs. The reason the negative incentives are most prominent within work-based employment program might have more to do with the attempt to reach high level of efficiency, than with a focus on effectiveness as such. Indeed, Darri-Mattiacci and De Geest (2008) have shown that since threats do not imply any direct costs other than the costs of laying the threat, these are much cheaper to use than rewards. The researchers explain how, when the threat is successful and that the threat does not need to be used, this threat can then be used again to form a new threat. The researchers call this effect the multiplication effect of threats, which is not present with rewards since these are exhausted every time they are used. Through this multiplication effect, sanctions as a collective measure will be more efficient than benefits since they will infer much lower costs. Hence, the focus on work-based employment programs on negative incentives could be explained by the fact that these are often implemented in a context of increased focus on cost-efficiency within the welfare state.

The “carrots and sticks” approach of work-based employment programs therefore needs to be further investigated. The first question this research will attempt to answer is whether it is true that typical work-based employment programs do only focus on the negative incentives within the programs. This will be done by looking at the different elements of each program, contrasting indicators on sanctions and activations conditions to the provision of relevant training and supportive job search assistance. The second question will be related to analysing whether a stronger focus on the “sticks” in the program do lead to more efficient and effective programs. This will be done by comparing the size of each type of instruments to the results of the programs. Answering these questions will help to provide a better understanding of the consequences of the increase in the use of negative incentives in what are being called “workfare states” by Jessop (1993, in Lødemel and Trickey, 2000, p.15).
4. Performance indicators of work-based employment programs

The previous chapter has served to place work-based employment programs within its context, to give it a functional definition, and to present the three dimensions at the basis of its intervention strategy. It is now clear that those programs are based on a multitude of hypothesis on which type of interventions are needed to assist the unemployed in returning to the labour market. These will be used throughout this chapter in order to choose the performance indicators for the benchmark model which is being developed.

This chapter will thus follow the policy chain which was presented as the basis for the social benchmark model in chapter 2. Section 3.1 had concluded that the benchmark of work-based employment program should be a best-practice benchmark, taking into account the whole policy-chain when measuring its performance. This will allow not only to determine the efficiency and effectiveness of the program, but also to open the black-box of policy implementation and evaluate the effect of different processes on the impact of the programs. The question to be answered in this chapter is thus: which performance indicators are required for benchmarking work-based employment program on the basis of the policy-chain? The input, process, output, impact and external factors indicators will thus each be presented, providing an explanation for their relevance in the model, as well as the way the indicators should be measured and ranked.

4.1. Input indicators

As mentioned in chapter 2, the input refers to elements that are initially present for the policy-makers in order to implement a program. In other words, input are the foundation upon which a program will be built. The first and most obvious of these indicators is the one refereeing to the objectives of the program. The objectives of most labour market programs are very multi-faceted and shaped by many different assumptions, hypothesis and paradigms. Often, these are not black-and-white propositions; it can even happen that different aspects of the objectives contradict each other. Benchmarking the objectives of a program will thus require a deep understanding of the political context of the program in order to better understand how these are being formulated.
By differentiating main objectives from secondary objectives and understanding the origin of objectives, a closer measure of effectiveness and efficiency can than be attained. This is because both measures of effectiveness and efficiency are relative to the objectives of the program. Also, a distinction can be made between the explicit objectives of a program, being those which are part of the official literature on the program and which are used openly in the political arena, and the more implicit objectives which are not made official but still are to be attained by the program. This means that the source of information will include official publications from the governments, and laws and regulations will be an important source for this. Indeed, some countries also mention in their legislation what a particular law is meant to achieve. Since laws form the major building bloc of social programs, objectives found in the legislation can be said to be the most formal and explicit objectives of a program. Another distinction which can be made is between the levels of the objectives. Objectives can have to do with the effect of the program on the individuals themselves (micro-level objectives), or they can have to do with the effect on the economy as a whole (macro-level objectives). An example of this difference is that while increasing the skill-level of the unemployed is a micro-level objective, decreasing the size of the caseload is considered a macro-level objective. All these different types of distinctions (main or secondary, implicit or explicit, micro or macro level) should be taken into account in the qualitative analysis of this input indicator in order to give more depth to the measuring of the different types of objectives in each program.

Concerning the benchmarking of the different objectives as such, a distinction is made between objectives which have to do with the impact of the program, and objectives which have to do with the output of the program. As already explained in chapter 2, the output of the program are the activities which take place, such as training activities, while the impact of the program is the actual effect these activities have on the participants. Concerning the impact-objectives, since work-based employment programs are part of a more general strategy to assist the unemployed back to the labour market, the major impact to be reached is the return to the labour market of the participants. Therefore, the first sub-indicator for the objectives is the extent to which the return to the labour market forms the goal of the program.

Besides focusing on the return-to-work of the participants, it is also possible that the focus of the objectives of the program may be more towards the output. The output of work-based employment programs will be discussed later on in section 4.3, but three broader categories of output-oriented objectives can be defined for this section. These three
categories are in fact directly linked with the intervention-strategy as defined in the previous chapter. As discussed earlier, work-based employment programs attempt to increase the rate of exit-to-work through three different mechanisms: increasing the ability to work, increasing the willingness to work, and increasing the access to work. The output-oriented objective of work-based employment programs can therefore be defined as aiming at increasing either of the ability, the willingness and the access to work. More concretely, this means that, first, raising skill levels can be an important objective of the program. The objective of raising skills level and employability clearly refers to the output of the program concerning the amount of training offered, either through formal training component of the program or through the work-activities. Second, increasing the willingness-to-work through the creation of a (mutual) obligation within the benefit scheme can also be an objective of the programs. In order to achieve this, work-activities can be required in order to establish an obligation for the claimant to “give something back for what he/she receives”. But willingness-to-work can also have to do with increasing the earnings prospect of the participants when they do find a job, and can thus also refer to activities which increase future productivity, such as training. Lastly, the program can have for objective the improvement of the access to work of its participants. In terms of activities (or output) this can be related to interventions intending to improve signalling towards potential employers as well as interventions aiming to prevent claimants from becoming socially excluded. Summing up, four different objectives can thus be distinguished, that is to say: 1) Return to the labour market, 2) increase employability, 3) create mutual obligations, and 4) increase access to work.

Each of these four objectives will be measured separately as one or more of them can be present in the program. As all other indicators, this indicator will be measured on a scale of 1 to 5, where 1 will indicate that the objective is not at all present in the program, and 5 will be the country with the highest focus on this objective within the benchmark. This is because this benchmark uses a best-practice benchmark methodology, where the highest scoring country always receives the highest score. The other countries will be judged against this standard, scoring them between the spectrum of 1 and 5 according to their relative position to the other countries with respect to the importance and strength of each objective. Since the focus on the return to work will be the most important indicator against which the results of the programs will be judged, this sub-indicator of the objectives will be used to give a score to the countries in the benchmark. The other sub-indicators relating to the
output will be used in the qualitative analysis of the effectiveness of the programs in chapter 11.

The second input indicator to be included in the benchmark is the **target group** of the program. Active labour market policy was typically of two kinds, universal programs such as the one found in Sweden in the 90s and targeted programs such as the ones found in many countries in the rest of Europe, such as the UK (Dorstal, 2008, p.26). The groups targeted by labour market programs may be very diverse and vary greatly in specificity. For example, a program may be targeted a long-term unemployed lone mothers with low levels of education, which selects the participants based on many different characteristics. Otherwise, programs can be targeted at all long-term unemployed, no matter their other characteristics. Work-based employment programs, here defined as one specific targeted ALMP program, are thus also targeted at some specific groups. Some target groups may be defined by law, as part of the general eligibility criteria for a benefit. For example, legislation can state that young people under the age of 25 and who have been unemployed for more than one year are required to take part in the work-based employment program in order to be able to receive a benefit. Since this target group will be defined by law, it will be very difficult for those implementing the program to divert from this definition. On the other hand, target groups can be very vaguely defined through official government documents, and left more to be defined on a case-by-case basis. In such a model, much freedom is given to those implementing the program in defining the actual target group of the program. Measuring target groups will thus require an analysis of juridical elements in the programs, as well as information from the level of the implementation.

Within the programs in this benchmark, two groups can be differentiated with respect to work-based employment programs: the young unemployed and the long term unemployed. That is not to say that participants cannot be characterised according to other groups, based on gender, ethnicity, family status, education level, and more. This distinction is made between these two target groups because these are specifically being targeted by work-based employment programs. Special distinctions are usually not made to make other categorisations, such as migrants, or women, the specific target of the provision. This will also mean that often, data will not be available on the presence of these different categories of claimants in the benefit. Nevertheless, where relevant, other possible target groups will be added to the discussion. It should be noted again that the fact that the only target group of all American programs is lone mothers meant that it was excluded from this benchmark.
The precise definitions of these target groups vary greatly between countries, but some standards have been set by international organisations such as Eurostat and the OECD. The standard definition for long-term unemployment adopted by Eurostat and the ILO counts as long-term unemployed those who have claimed a benefit for 12 months or more. Youth unemployment is usually seen as occurring between the ages of 15 to 24 inclusively, but the operational definition is likely to vary from program to program (O’Higgins, 1997, p.63). As explained above, the input indicators will measure the extent to which the “foundations” behind the process of the program can be expected to lead to good results. This means that the larger the input indicator, the more this indicator should assist in achieving good results. When looking at the target group, this means that the indicator should measure the extent to which the target group is expected to have good chances to find a job through the program.

With respect to young unemployed, a large part of the target group being young would affect the rate of return to the labour market in a positive way. Even though youth unemployment rates are usually higher than total population unemployment rates, it is considered that within similar type of employment programs, the younger participants would have a higher rate of exit in times of economic growth. As explained by O’Higgins (1997, p. 69), aggregate demands has a much stronger influence on youth unemployment rates, meaning that it will decrease much stronger than total unemployment in times of economic boom. Since the year 2006 (the year in which the data will be collected in part 2) was a year of economic growth for most industrial countries, this would mean a proportionally higher level of return to work for young people in most countries. Furthermore, according to the OECD (2003, p. 210), international comparison points towards an important difference between younger and older unemployed, whereas for the young unemployed there is little link between benefit dependency and employment. Additionally, two country-specific studies on work-based employment programs, Sol et. al. (2008) for the Netherlands, and Bolvig et. al. (2003) in Ochel (2007, p.86) for Denmark, showed that young participants were more successful in returning to work.

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1 See Eurostat Key indicators on EU policy – Structural indicators – Social Cohesion: Long term unemployment rate; Methodological Summary; and, KLIM 5th Edition Ch. 10: Long-term unemployment, p.1. The OECD gives two separate values for Long-Term unemployment, that is to say, unemployment at 6 months and more as well as unemployment at 12 months and more (see Employment Outlook 2007, p. 267).
The opposite is true for long-term unemployed, who thus have much smaller chances to find a job since they have been claiming unemployment benefits for a long time. The correlation between length of claim and lower chances to exit unemployment has been discussed by many authors, such as Jackman and Layard (1991); Van den Berg and Van Ours (1994); Machin and Manning (1998); and many more. Clearly, depreciation of skills, motivation to work, social exclusion as well as discrimination all play a role in decreasing the chance the long-term unemployed do find unemployment. At the opposite of targeting long-term unemployed are programs which are rather focused on early-intervention. These programs are targeted at only the new claimants who are not yet inside the benefit system. This would make the program much more of a “gate-keeper” type of program where the focus is much more the prevention of entry, as well as on the prevention of loss of willingness of capacity and willingness to work if entry does occur.

In sum, these two groups will be measured separately and then averaged to provide a measurement of overall target group chance of finding a job. Hence, the country where only the youth unemployed are the targeted will receive a score of 5 and the one where only those unemployed for less than one year (thus not long-term unemployed) are targeted will receive a score of 5. Both scores will then be averaged to provide for a single ranking based on the distance from the labour market of the overall target group in each program.

The third component of the input indicators are the financial resources and the incentives brought about by the distribution mechanism of these financial resources. What is being measured here is not the way the budget is allocated within the program, for example the resources allocated to private providers. This will be part of the process indicators. Rather, what is being looked at is the general budget allocated by the government to the program, and the extent to which the mechanisms which allocate this budget to the government organisation responsible for the implementation also create some incentives for this organisation to reach good results. This is measured since these incentives also measure to what extent the input in place can guarantee that the objectives will be met.

When comparing budgets of programs in different countries, many cautionary elements must be taken into account. Since it is crucial that the budget numbers all measure the same part of the program, only the budget allocated to the employment services related to the work-based employment program should be taken into account. This includes any element of training, job search assistance, and any other type of
provisions, but excludes benefit expenditure and other expenditures related to allocations for the participants. Benefits, allocations and wage subsidies should not be included since two separate indicators will measure first the generosity of the benefit and second the generosity of the program’s allocation. This indicator of the financial resources available for the program will thus only refer to the financial constraints of the program, with regards to designing its main provisions. A country with a large budget will thus be able to offer more services (in quantitative and qualitative terms) than a program with a small budget. Furthermore, when comparing government spending on ALMP in percent of Gross Domestic Product, authors such as Classen and Clegg (2003, p.371) have suggested dividing this percentage by the number of unemployed, allowing to compare the spending indicators on the basis of their intensity. Indeed, a large budget, even if related to the GDP or other indicator of the size of the total government budget, would be more an indication of the number of participants than of the generous financing of the program. Since program size (in term of coverage) will be part of the output indicator, the indicator here should clearly compare the amount of budget which is available to the program. Hence, this indicator regarding the financial resources should divide the annual budget for the employment program by the number of participants in that year. Also, needless to say that a common currency should be used in order to convert those individualised budget values to comparable units. Clearly, the largest indicator will receive a score of 5, and the lowest a score of 1, while the other countries will be ranked relative to the figure of these two cases.

The second aspect of this indicator of the financial resources allocated to the program measures its incentive mechanism. What is being compared is the extent to which the government body responsible for the implementation of the program is being given a financial incentive towards reducing caseloads as much as possible. For example, block grants where any surpluses or shortcomings are usually covered if needed present much less incentives than when the surpluses can be kept or must be added upon by the implementing government body. Similarly, clear target agreements between the central government and the body implementing the program which would link results with future budgets would represent a strong financial incentive. The country with the strongest incentive through financial allocation will thus receive a score of 5, since this would lead to increased efforts towards reaching good results. In the absence of any incentives, the country will score a 1. In order to make-up this indicator, the score for the size of the budget will be averaged with this score on incentives.
The next input element to be discussed is the division of responsibilities within the government agencies delivering different aspects of the program. Much reform has happened in the last decades in the way governments deliver any type of services, and employment services have not been left out. These aspects of the New Public Management mode of governance which have increasingly influenced public service delivery have been introduced in chapter 1. As was explained, in terms of the division of the responsibilities for the delivery of work-based employment programs, two different trends can be distinguished. First, with the rise of New Public Management, bureaucracies were criticised for the scattered nature of service delivery, which was the product of the specialised nature of public work (Finn, 2000). On one side, one body would take care of determining eligibility and paying out benefits, and on the other side, another body would provide employment services such as job search assistance and training programs. However, this situation was deemed inefficient for many reasons, such as the need for two different intake procedures as well as the lack of communication between these two public bodies. For example, the case manager responsible for the delivery of employment services would often not be aware of the claim history and specific eligibility agreements of a participant, and vice versa. Many countries thus brought changes to this segregated structure since it was believed that the individual needs would be better met by combining functions which are closely related to each other. New Public Management thus meant the integration and coordination of services which were to be delivered by integrated agencies, often called “one-stop-shops”. Since this reform towards the concentration of services within one body is expected to increase efficiency and effectiveness, the more those services are concentrated within one body, the higher the country will score in the benchmark.

Secondly, a trend of decentralisation has also been taking place. This was brought about by inefficiencies caused by the lack of local adaptability of programs within many countries where programs were uniformly designed and implemented from a central government level. As pointed out by Finn (2000), there came a need for more flexible institutional arrangements, especially considering the nature of local labour markets which are only partially connected and highly differentiated in most countries. Finn thus points out the three ways in which this flexibility can be achieved, proposing that this can be done through first, the geographical targeting of national measures, second, the devolution of responsibility to regional or local authority, and third, through the creation of local partnerships between the national implementing body and local actors. Furthermore, Finn (2000) summarizes the benefit of this decentralisation and flexibilisation. The author shows how involving
local actors allows for pilots and experiments to be undertaken, makes it possible to adapt the program to local reality, how this increases inter-linkage (synergies) through local partnerships, finally how new actors increase scale of delivery and create a broader local network. Consequently, by allowing decentralised provision of employment services, the results of the work-based employment programs are expected to be better. Hence, the countries with the most decentralised delivery system will thus receive a score of 5, while the country with the least decentralisation will score a 1. Both score for concentration and decentralisation will be averaged to provide for a single indicator of the efficiency of the division of responsibilities with respect to the provision of the work-based employment program.

These first input indicators were drawn from hypothesis about the influence of the macro-level incentives on the results of the program. On the other side, the next three input indicators will now discuss the influence of three important inputs on the individual chances to return to the labour market. These micro-level inputs are the unemployment benefit in which the program will take place, the activation conditions present in this benefit scheme as part of the general eligibility requirements, and the sanctioning mechanisms in place which enforce these activation conditions in the benefit scheme.

The first micro-input indicator relates to the nature of the benefit scheme itself in terms of type and benefit level. This indicator is one of those indicators which are found in the legislation of each country. The analysis of the laws and regulations concerning social security benefits will thus be central to measuring this performance indicator. Special attention will be given to the basic structure of the benefit payment, such as whether it is made up of different component which are added up to form one total benefit. By using laws and regulations directly in this indicator, a better understanding of how benefits levels are determined for each individual will be possible. Indeed, only using benefit levels available in international database such as the OECD does not explain how benefits may vary from one individual to the next within the benefit scheme itself. Using laws and regulations directly as a source of information will thus show what average rates are not able to express.

First, a qualitative discussion should explain the type of benefit scheme in which the program will take place. These will be divided into three basic category which are related to its basic eligibility criteria\(^2\): social assistance

\(^2\) These are three standard categories, as used amongst many others by the OECD (see OECD, Benefits and Wages 2007, p.16-23-26).
(means-tested) and unemployment insurance (contribution-based) and unemployment assistance (means-tested, for those whose eligibility to unemployment has ended, thus also contribution based). This discussion on the type of benefit will not result in a ranking since there is no clear hypothesis relating the type of benefit and the expected results to be achieved by the program. In fact, the major differences between the nature of the three categories will be encompassed into the indicator of the generosity of the benefit, which is the second aspect to be included in this indicator. Also, since the benefit level also forms the means-test for most schemes, this will also be an indicator of the income level of those who are eligible for this benefit.

This measurement of benefit generosity will be relevant for all work-based employment programs, even though some programs might pay-out a wage to participants meaning they are not part of the benefit scheme anymore. This is because the participants will usually enter the program thought their claim for the benefit, even though this claim will automatically be cancelled by an immediate participation in the program. Even in this case, the incentive structure and eligibility criterion of the benefit scheme will have an influence on the participants entering the program. For example, a generous benefit payment might actually be the reason why a potential participant will initially decide to claim a benefit.

The level of the benefit should – similarly to the indicator of financial resources – be measured using similar units. Also, since standard of living can vary from one country to the next, crude measures of benefit levels might not give a clear idea of the real generosity of a benefit. For this reason unemployment benefits are usually expressed in terms of replacement rates, where the benefit are measured relative to the wages earned by average workers (see OECD, 2007b, annex A.1 p.60). However, measuring replacement rates relative to average wages is much more relevant for unemployment insurance since these benefits are meant to replace previous income from work (Nelson, 2008). The concern here is not with the benefit generosity with regards to previous income from work, but from the perfective of activation. It would therefore be more appropriate to calculate a measure of the benefit generosity by relating them to the statutory minimum wage in each country. This will give a clearer indication of the extent to which the benefit is more or less attractive than finding a regular job for which minimum wage is being offered. An other possibility would be to use the Average Effective Tax Rate as calculated by the OECD which give a measure of the incentives to enter the labour market when one is already unemployed (see OECD, 2007b, p. 107). However, this measure of the “inactivity trap” in each country is only calculated for unemployment insurance benefit, while as
will be seen all programs in the benchmark are part of social assistance or unemployment assistance. In conclusion, since an indication of the relative incentive structure of each benefit system is needed, the best available indicator will be the benefit level as a percentage of a full-time work week at the net minimum wage salary. However, as Nelson (2008, p.9) warns, social assistance benefits are often set in order to meet the basic needs of a whole family, whereas minimum wages are individually set. This should be taken into account when calculating this indicator, and comparing single households without children might be the most comparable approach to this measurement.

Furthermore, since some benefits are given on a fortnight basis while others on a monthly basis, it is best to bring all amounts to a measure of all benefits received within one year, relative to net yearly income from a full-time minimum wage job. In addition, any supplements for which all or most claimants have a right to receive should be added to this amount, such as holiday supplements. It might also be possible to deduct earnings from work in order to still claim the full benefit even though income might not be null. In the presence of the possibility to deduct some of the earnings form work, a proportion of these earnings will not reduce the benefit level. This would in fact raise the total amount of income which is available to benefit claimants. In addition, these deductions can be in the form of a taper, in which higher levels of earnings from work have an increasing deduction rate up to the point where the income earned is fully deducted from the benefit to be received. Nevertheless, it is most likely that participation in the work-based employment program will not be mandatory for those who do work part-time while claiming the benefit, so this should be taken into account in deciding whether this earnings deduction should be taken into account.

The ranking of this indicator on the 1 to 5 scale of the benchmark is a lot thornier than most other indicators. This is because conflicting evidence exists on the effect of benefit generosity on the inflow and the outflow of the unemployed in the benefit scheme. First, from the perspective of the outflow out of the benefit, there has been considerable research done on the influence of benefit level and length of claims, showing that higher benefit levels lead to longer claims (see Lalive, Van Ours and Zweimüller (2006); Fortin, Lacroix and Drolet (2004); and Roed and Zhang (2003) for recent evidence). The influence of the benefit level and the incentive to enter the labour market has already been introduced in the previous chapter. There, it was shown how the intersection between the productivity rate and the utility for work and leisure determine the reservation wage of the person. In the case this reservation wage is lower than the benefit level; the person will be better off claiming the benefit.
Clearly, the higher the benefit level, the more chance the reservation wage of the person will be found lower, which means that the incentive structure needs to be altered if activation is to take place. This analysis would imply that the rate of return to work will be lower for higher benefit levels in the work-based employment programs. As a result, the country with the least generous benefit will be expected to have the largest exit-to-work ratio and thus will receive a score of 5 in the benchmark. Similarly, the country with the highest benefit level will receive a 1, and the remaining countries will be ranked according to this spread between the benefit levels of those two extremes.

However, from the perspective of the inflow into the benefit, a low benefit level is also more likely to act as a deterrent to claim benefits in the first place. This would thus mean that some of those who would be able to find a job on their own might be more inclined to not claim a benefit. As a result, those with greater barriers to work would make-up a larger part of the caseload. Actually, the fact that benefits are lower also means that eligibility is much more targeted at those with very low income, which also can be associated with greater barriers to work. This would lead to lower rates of exit to work in the program. Unfortunately, it would be impossible to measure the extent to which this is true for the participants in the work-based employment programs in the benchmark since productivity measures would be needed for the average participants. Nevertheless, this does not mean that this factor will be completely ignored in the qualitative analysis of this indicator in each country. In the case there are wide differences in benefit levels, the extent to which a very low benefit level is expected to induce larger exit to work will be put in the light of the hypothesis that this would also imply a target group which might have a much lower productivity level. Secondly, the low benefit themselves can be a cause of the delayed return to the labour market because of the social exclusion and financial stress they could bring about. Gallie, Paugam and Jacobs (2003) have indeed showed with data from the European Community Household Panel that poverty makes it more difficult to return to work, leading to a vicious circle in which unemployment and poverty become entangled. This last point can be taken into account by looking at the position of the benefit level with respect to the poverty threshold of the country, where a very low benefit with respect to the poverty line could also imply lower rates of return to work. Similarly, Nelson (2008) calculated the adequacy of social assistance benefits by averaging different levels of benefits in each scheme (varying with family composition) with respect to the average disposable income in the population and found important differences between schemes, and between family types within one scheme. The findings from his calculations should be included in the analysis of this indicator.
for the countries in the benchmark. The cut-off point for severe poverty will be set at less than 40% of median disposable income, where less than 30% would be considered extreme poverty, consistent with categories as used by Behrendt (2002, p.26) when looking at the adequacy of social assistance in three countries. Hence, benefits lower than 40% of the median disposable income would then mean that a lower score would be given for a country whose benefit would actually score highest if only taking into account the evidence on reservation wages and benefit levels as discussed above. This thus implies a U-shaped relation between benefit levels and exit-to-work ratios, where both extremely low benefit levels as well as high benefit levels are assumed to have a negative impact on the results the programs can be expected to achieve.

Concerning this discussion on the benefit level, it should be noted here that within the process-benchmark, an indicator will allow to show whether policy-makers have decided to diverge from this benefit level through either giving a supplement or a wage to the participants in the work-activities. As will be discussed then, this process indicator will be ranked so that more generous rewards will lead to higher rates of return to the labour market. Such a construction will lead to the situation where the “general” benefit level is seen as inversely proportional to the result within the input indicators while the “specific” rewards is seen as directly proportional to the results within the process indicators. This is deemed here to be a realistic representation of the diverging incentive structures which are created by the level of the benefit, as discussed above. In this way, the process is revealing the policy-choices made by those designing the program, within the constraints of the scheme as defined by the input.

As discussed in the previous chapter, work-based employment programs are part of a general trend towards the more pro-active “activation” of the unemployed. Within the general benefit scheme in which the program will take place, activation conditions are therefore present in the legislation which are meant to oblige the unemployed to maximise their efforts towards finding (and keeping) a job. In other words, these activation conditions have the potential to offset some of the negative incentives that arise from the presence of the benefit scheme as discussed earlier (OECD, Employment Outlook 2000, Ch.4, p.129). As mentioned in the previous chapter, these activation conditions actually alter the choice between “work” and “leisure” to become a choice between “work” and “actively searching for work”. As discussed by the OECD (2000, p. 131), three mechanisms will influence the claimant. First, a direct behavioural effect will be noticed, in which the requirements to actively search for work or to participate in employment programs will directly increase the chance to finding work. Second, a disutility effect in which the
requirements to be fulfilled are not seen as much enjoyable for the participant, who will then increase its efforts towards finding a job. And third, an exit effect, where if the disutility effect is so large, the claimant will actually rather quit the benefit system than having to comply with the requirement.

Laws and regulations, and especially the articles referring to benefit eligibility, will thus be the focus of the comparison between the countries. Nevertheless, it is apparent from using legislation in different countries as a primary source of information that eligibility and conditions for the payments of benefits are not a blueprint from each other. Amongst others, some countries lay out activation conditions not as a basic eligibility criterion for the benefit, but rather as a behavior on which a sanction is applicable. The analysis will thus also pay attention to whether the activation conditions are directly written into the eligibility criteria of the benefit, or indirectly through sanction provisions. Moreover, in order to facilitate the comparison of legislation which is written in various forms, activation conditions will be divided amongst four types of requirements. These are, 1) Availability for work and acceptance of work offered, 2) job search requirements, 3) participation in employment programs requirements, and 4) requirements to sign an "activation" contract. Hence, these four requirements will be looked for and inventoried directly from the social security legislation with respect to the unemployment benefit in which the work-based employment program is taking place.

In light of the three effects illustrated above, the stronger these requirements are, the greater the return to work during or after the work-based program is expected to be. Nonetheless, in case the participants in the work-based employment program are actually not claiming the benefit anymore (due to the fact for example that they are paid a regular wage), the actual requirements within the program should replace those found in the scheme in order to make a realistic comparison. Also, as highlighted by the OECD (2000, annex 4A), many differences exist in the definitions within these requirements, such as for example the definition of "suitable work". These should of course be taken into account when comparing the strength of each requirement, since for example while two countries require that suitable work must be accepted, one country might actually have a much stricter definition than the other. Finally, the actual score for this indicator will be averaged out over the four components, and the country with the strongest obligations with respect to each requirement will receive a score of 5, while a score of 1 will be given to countries where the requirement is not present.
In order to foster the compliance to these activation conditions, sanctioning legislation has been put in place within social security laws. These sanctions can be used both as a threat and as a consequence for not following the activation requirements, as discussed above. The effect of sanctions has been investigated by many authors. The large majority of these studies show a positive correlation between sanctions and return to work (Ochel, 2005). Abbring, Van den Berg and Van Ours (2005) found for Dutch unemployment insurance a doubling of the re-employment rates for those who had received a sanction, due to both a lowering of the benefit level as well as the increase in job search in fear of more severe subsequent sanctions. Van den Berg, Van der Klaauw and Van Ours (2004) found similar effects for social assistance recipients in the city of Rotterdam, and also pointed to the fact that this effect was long lasting and felt even after the sanction expired and benefits had returned to normal levels. Svarer (2007) found for Denmark that even moderate sanctions more than doubled the chance of exiting and that the harder the sanction the stronger the effect. Boone, Sadrieh and Van Ours (2004) pushed their analysis further by estimating separate effects for the threat sanctions can pose (a compliance effect, or ex ante) and for the actual effect when the sanction has been imposed (an ex post effect). Their experiment shows that the compliance effect from the mere presence of the sanctioning mechanism (the ex ante effect) are large and even larger than the actual effect caused by receiving a sanction itself. This was also found by Svarer (2007), who showed that those with the most chance to receive a sanction actually experienced the greatest compliance effect. Boon, Frederiksson et al. (2007) even suggest that the gains in increase in return to work stemming from monitoring job search and sanctioning when appropriate will actually be high enough to compensate for the cost of implementing such a monitoring and sanctioning system.

It is thus clear that in this benchmark, the presence of a sanctioning mechanism in the legislation should be associated with better return to work ratios. However, what is less clear is how the severity of the sanction (either in level or in duration) should be expected to correlate with results. Obviously, the threat effect and benefit reduction effects should be important enough so as to make a real difference in search intensity. One can thus assume that very soft sanctions would be less effective than harsher sanctions. However, it is unlikely that there would be a lower limit at which soft sanctions would have no effect at all. This is based on the findings of Van den Berg, et. al. (2004) where a doubling of the re-employment rates was based on sanctions which represented a 20% reduction of the benefit for 1 or 2 months.
On the other side, it is possible to imagine that very harsh sanctions would not always result in better return-to-work ratios. One reason for this is related to the discussion on benefit levels above, where very low benefits (which are in this case the result of harsh sanctions) have a negative impact on the ability of the individuals to find a job. Also, very harsh sanctions can lead to avoidance activities, where the higher the sanction the higher the resources invested in order to avoid it, in such a way that this can divert some resources away from legitimate job search (Frederiksson and Holmlund, 2006). Boon, Frederiksson, et al. (2007) also pointed out that in the presence of imperfect monitoring and risk aversion, maximal sanctions would not result in improvement in welfare. This is because the possibility of very harsh sanctions being given to claimants who do actually comply with the requirements but are the victim of an imperfect monitoring system would largely affect the welfare effect of the system. However, the precise turn off point where sanctions become too harsh to bring about an improvement in exit rates was impossible to measure by the researchers, since much more information is needed about amongst other the costs of implementing the monitoring and sanctioning system. Similarly for this benchmark, while the ranking should take into account the possibility that the country with the harshest sanction would actually have lower return-to-work ratios than for example the country with the second best ranking, this does not need to be the case. In fact, it could be so that the country with the harshest sanctions is still below the point where sanctions become too hard to show improvements. So while the ranking will follow the hypothesis that the more severe the sanction the better the results are expected to be, there will be room left to interpret this ranking in the light of the analysis of Boon, Frederiksson, et al. (2007) as well as the discussion on the adequacy of benefits mentioned earlier.

Concerning the measurement of the severity of the sanctions, some calculations will need to be performed in order to properly compare this indicator. As already shown by the OECD (2000, p. 135), sanctions can vary greatly between countries, not only with respect to the length of the sanction but also in the amount of benefit being withdrawn. In fact, while some sanctions can be short but imply the complete stop of the benefit such as in Denmark, other countries such as Australia rather partially reduce the benefit for a longer period of time (OECD, 2000, p.135). This contrasts with seminal work of Becker (1968) on crime and punishment, where the optimal fine would be the maximal fine. However, his assumptions were that individual are risk neutral and that sanctions can be applied without costs, which is less realistic when looking at sanctioning in unemployment benefits systems.

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makes crude comparisons impractical. Also, converting the sanction in monetary units is not useful since the benefit level may vary greatly as discussed earlier.

Table 4.1 Performance indicators for the input of work-based employment programs

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Sub-indicators</th>
<th>Score = 5</th>
<th>Score = 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective</td>
<td>Return to work, Mutual Obligation, Ability to work, Willingness to work, Access to work</td>
<td>Strongest focus on return to work</td>
<td>Weakest focus on return to work</td>
</tr>
<tr>
<td>Target group</td>
<td>Youth, Long-term unemployed, Easiest target group, Hardest target group</td>
<td>Largest budget and incentives</td>
<td>Smallest budget and incentives</td>
</tr>
<tr>
<td>Finances</td>
<td>Budget per participant, Strongest focus on return to work</td>
<td>Largest budget and incentives</td>
<td>Smallest budget and incentives</td>
</tr>
<tr>
<td>Division of</td>
<td>Concentration, Decentralisation, Strongest focus on return to work</td>
<td>Strongest orientation towards efficiency in SS system</td>
<td>Weakest orientation towards efficiency in SS system</td>
</tr>
<tr>
<td>responsibilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefit</td>
<td>Type of benefit, Benefit level, Least generous scheme, * lower boundary 40% poverty line</td>
<td>Most generous scheme</td>
<td></td>
</tr>
<tr>
<td>Activation</td>
<td>Job acceptance, Job search requirements, Participation requirements, Signing a contract</td>
<td>Strongest activation requirements</td>
<td>Weakest activation requirements</td>
</tr>
<tr>
<td>conditions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sanction legislation</td>
<td>% of income loss on yearly basis from 1st sanction, Strongest financial impact, * possibility of a upper boundary, not empirically defined</td>
<td>Strongest financial impact</td>
<td>Weakest financial impact</td>
</tr>
</tbody>
</table>

What is important here is to measure is the financial impact a sanction will have on the income of claimants. Indeed, severe sanctions with great financial impact would be more likely to compel the claimants to follow the activation requirements as laid-out in the legislation. This indicator will thus be measured by looking at the percentage of income loss on an annual basis as a result of a first sanction. For example, losing 50% of a benefit for one month would result in a yearly income loss of about 4%. Such a calculation will be done on the basis of the information on sanction
length and sanction levels as found within the legislation. As already mentioned above, the country which will show the greatest financial impact of a sanction will thus receive a score of 5, but some attention will be paid to whether it would be possible that this sanction would be so severe as to actually hinder job search and return to work. The country with the least severe sanctions will receive a score of 1, and the other countries will be ranked proportionally in between the countries receiving the highest and the lowest score.

These seven indicators – objectives, target groups, finances, provision models, benefit generosity, activation conditions, and sanctions – thus form the input of the benchmark model. As explained in chapter 2, these will be presented and aggregated using a radar-chart and the Surface Measure of Performance (SMOP). Table 4.1 on the previous page summarises the main component of the choice of the indicators as discussed in this sub-section.

4.2. Process indicators

Including indicators measuring the different elements of the process of the programs to be evaluated is one of the most novel aspects of this research. As mentioned before, this will allow for better understanding of why certain results are being achieved, beyond only relying on the input or the output of the program. Similarly to the input, two levels of the process can be defined. The first way the process can influence the results of a program is through effective and efficient institutional settings for the delivery of the services. The assumption here is that results will be positively affected if the manner in which the organisations deliver the program is fostering an environment in which participants can easily receive the most appropriate assistance. The second level of the process which can positively influence results is the effect of specific interventions on the participants themselves. Within this micro-level, it is expected that certain interventions which have been shown to be linked with effectiveness will result in a larger number of participants returning to the labour market. And here again, a multi-disciplinary approach will be used for the selection of the relevant indicators and the measurement of their performance, with the legislation in each country also playing a large role in the measurement of the process of each programs.

The institutional-level process is measured by looking at the extent to which the governance model for the delivery of employment services is expected to be efficient and effective. The first element which will be
analysed is the extent to which each program fits the four types of provision models for employment services as discussed by Mosley and Sol (2005). These are: the bureaucratic model, the Management by Objective model, the preferred-supplier model and the quasi-market model. First, the bureaucratic model is one in which the government is itself taking care of the delivery of the program. Actually, contracting-out is only used in niche services and competition is not part of the incentive mechanisms. This is different in the second model, the Management by Objective model, since a high level of competition is found between the different public or private agencies delivering the services. In this model, contracts are used to regulate the relationship between the central government and the delivering public agencies. The last two models are both based on market mechanisms. In the quasi-market model, the state is purchasing the services through a tendering process in which price or quality will be the main criteria on which providers will compete. On the other hand, the preferred-supplier model defines countries in which the state will procure from providers whose quality has been proven in the market. As can be seen, both models rely on private providers for the delivery of employment services and use contracts as main steering instruments. The main difference is found in the degree of competition created by outsourcing, which is lower in the preferred-supplier model and highest in the quasi-market model.

However, no direct assumption can be made on the type of partnership which should lead to better result, as there is very little evidence available on this (see for example Hasluck and Green (2007, p. 32) on the UK). Indeed, as also pointed out by Mosley and Sol (2005), even though many countries have reformed their provision model towards market-based approach in the idea that this would increase their efficiency, the success of such reforms is often debated. Indeed, as also pointed out by many researchers on the subject (see for example Considine, 2005; Bredgaard and Larsen, 2005; Struyven and Steurs, 2005; Van Berkel and Van der Aa, 2005), privatisation is also not automatically guaranteeing effectiveness and efficiency. Actually, some countries such as the Netherlands have even seen a reversal of the privatisation of service delivery (there in the case of employment services for social assistance). However, what can be assumed to positively affect the results of the program is the extent to which the delivery of the services is tied to the achievement of some performance level. It can be expected that the more the payments for the service rendered will be linked to the performance of the program, the better the results will be in terms of rate of return to the labour market. Obviously, it is most likely that the analysis of this factor will quickly follow the typology described by Mosley and Sol (2005), where the more the provision model is market-based, the more there are concrete
performance agreements between each actor. However, this does not need to be the case, and consequently the indicator will avoid making such an assumption. Hence, in the benchmark the country which presents a form of delivery which is most accountable to the result of the program will receive a score of 5, and the country with the least performance incentives built in its delivery model will receive a 1. The other countries will be ranked with respect to this range created in between these values.

The other six indicators in this sub-section will now have to do with the process of the program and its impact on the individuals taking part in it. Similarly to the assumptions concerning the micro-effect of the input, micro-economic studies can help find out which elements of the process can contribute to high rates of return to the labour market. Many evaluations have been performed on different groups of projects and on different indicators which are part of this larger benchmark exercise. Typically, these micro-economic studies in fact only focus on one aspect of the program, for example as will be discussed next, the timing of the start of the activities. Putting these different studies side by side thus gives an indication of which elements lead to the success of work-based employment programs.

The first micro-level process indicator to be discussed is the timing of the start of the program. Ochel (2005), who performed one of the rare reviews of the determinants of success of Work First programs, indeed concluded that the timing of the start of the program is an important contributor to the success of these programs. From a more general point of view, Lechner and Wühl (2007) have shown that in the case of the Austrian benefit scheme, the effectiveness of labour market programs deteriorate the later they start within the unemployment spell. The authors note that their result corresponds to the findings of two other international studies from Sweden (Sianesi, 2004) and Germany (Fitzenberger and Speckesser, 2005). These findings coincide with the discussion in the previous chapter on the intervention strategy of the programs, where it was also said that individual must also be prevented from loosing their ability, willingness and access to work. This move from the first quadrant of the model to any of the other quadrants can most quickly be prevented by a rapid start of the work activities. This way, the skills and knowledge as well as the incentive structure of the unemployed can stay as close as possible to the state in which they were previous to the benefit claim. From the perspective of a later start of the program, it was also discussed when looking at the indicator of the target groups that the long-term unemployed have a smaller chance to find a job because of increased barriers and skills depreciation. This thus also
means those programs which start only after the unemployed has been claiming benefits for a long time are also expected to have lower rates of return to the labour market. Also, an early start of the program was associated with a smaller lock-in effect in a Danish study by Graversen (in Ochel, 2005, p. 85). The lock-in effect will be discussed in more details within the next process-indicator (the length of the program), but it is important to note here that it means that participants in a program will delay their return to the labour market for after the program has ended. By starting earlier, it can be hypothesised that the perceived need to finish the program will be smaller because the person is only unemployed for a short time. That way, there may be less chance that the person waits for the end of the program to look for a job. Consequently, the score of 5 will thus be given to the program which starts at the moment the claim is made, and the score of 1 will be given to the country where the program starts the latest after unemployment benefits have been claimed.

One problem with such a measurement is that the start of a claim and the length of a claim are not automatically linked with how long someone has been inactive on the labour market. While one person might have just lost a job and claiming a benefit the next day, an other person might have actually be in an education program or caring for children, which means that this person’s work experience is less recent (if existent at all) than the other person. This problem is usually not present when looking at unemployment insurance schemes, because it can easily be assumed that claimants have been working prior to making their claim. However, as will be seen in part 2, most work-based employment programs actually operate within the social assistance scheme, where claimants do not necessarily have recent work experience. Clearly, if data is available on this aspect it should be taken into consideration in the benchmark. However, we are not so much concerned here with the timing with respect to previous work experience as with timing with respect to the start of the claim. Early intervention is expected here to have better results than later intervention, no matter the actual length of inactivity of the participants. Variations in the composition of the participants with respect to the work history prior to their claim are then assumed to balance out differences within program with regards to that aspect.

The next process indicator measures and compares the length of the programs in the benchmark. As explained by Van Ours (2004), locking-in effects can arise when participants take part in an employment program and therefore reduce job search intensity. This reduction can arise from different reasons, such as a lack of time and resources to search for jobs and difficulties in attending interviews while participating in the program. Besides these practical explanations, one can also imagine that
some participants would rather complete a program before proceeding to intensive job search. In this respect, the more effective the program is expected to be, the more the participant will have the incentive to complete it, especially if the program will allow the participant to find better jobs with better salaries. This could surely be the case of training programs, and indeed many researchers have found that training programs have a significant locking-in effect (see amongst others Martin (2000) on the inefficiency of training programs). In fact, programs which only bring their benefit if they are fully completed (such as training, where not completing will imply not receiving the certificate) should be designed with much care in order to minimise locking-in effects.

It is clear that locking-in effect can be diminished by making sure the participants in the program both have the resources and the incentives to pursue intensive job search during their participation. This was thus measured earlier with regard to activation conditions within the program (as part of the input indicators), and the actual amount and type of job search assistance received by the participants will also be measured as part of the output indicators. Nevertheless, the length of the program has also been associated with locking-in effects, since the longer the program will be, the longer the effect of lower job search intensity will be felt. Furthermore, a short program can make sure that participants remain focused on finding a job, and not see the program itself as their primary focus for that period time. Indeed, Van Ours (2004) and Lechner and Wiehler (2007) concluded that the shorter the program will be, the smaller the locking-in effect will also be. Hence, the shortest program duration will receive a score of 5 in the benchmark, while the longest a score of 1. Clearly, there is a lower limit in which short duration implies better results, since at the extreme a program lasting one day would not be expected to be more effective than a program lasting one month. This is because programs must allow some time for the participants to learn and gain experience and this will need at least some weeks before being fully realised. However, the precise turning point at which the effect of short duration will not be observed anymore is unknown and not discussed as such by researchers looking at this topic. This turning point can nevertheless be assumed fairly realistically to be under the boundary of 3 months which is the shortest program duration within the benchmark, as will be shown in part 2.

The third indicator of the process on a micro-level is the number of hours spent in the program each week. Here, the assumption is that the more intensive the program is in terms of hours per week, the better the results will be. Intense contact with the participants will indeed make sure that the incentive structures set up by the program achieve the desired goals.
As explained in the previous chapter, work-based employment program intend to make the choice of work more interesting than not working, and this could be done by either increasing skills or preferences, or both. Access to work through networks and job search assistance was also mentioned as the third important factor. The number of hours can influence these three aspects in various ways. First, the intensive intervention will have a positive impact on the quality of the skills acquired through training and work activities. Obviously, the more intensive the program will be, the more experienced the participant will become and the greater the learning effect will be from training. Also, the closer the contact between the participant and the decision-maker regarding the type of skills to be learned, the easier it will be to move the participant from an unable state to an able state. Similarly, Ochel (2005) suggested that intensively monitoring participants on a personal basis is said to have a positive influence on the results of work-based employment programs. Furthermore, work-based employment program are also expected to alter preferences towards not working in the way that some disutility is experienced compared to not participating in the program. As discussed earlier when looking at the activation conditions, this disutility will mean that participants will increase their job search in order to be able to leave the program (OECD, 2000. Ch.4). It can be assumed that this disutility will increase as the number of hours per week in the program increases. The signalling effect will also be affected by the number of hours per week, as potential employers can interpret this as a proof that the unemployed is able to work for a substantial amount of hours per week. The longer the hours, the stronger the program can be seen as a realistic work-test. Lastly, designing the program such that it requires many hours of participation per week will have a larger effect on fraud, since it will restrain the time available for undeclared activities (Bodganor, 2004). This all points towards a ranking in which the program with the longest hours per week will be expected to have the best results, and thus receive a score of 5. The program with the least hours will thus receive a score of 1, with the other countries ranked in between.

The fourth indicator refers to the type of work-activities to be performed as defined by their working environment in which they take place. In fact, Ochel (2005) has also found this element in many evaluations to be of great impact on the success of work-based employment programs. The working environment indicator refers to whether the work-activities are part of the regular labour market, in which the demands of the tasks match those of the regular labour market, or whether they are part of
what can be defined as an “intermediate labour market”\textsuperscript{4}. The distinction “real work” versus “simulated work” can maybe shed some light into this distinction. This means that activities either take place in the private for-profit sector or public sector in which the work-activities are part of the regular activities of the employer, or in the public or non-profit sector in which the work-activities are part of activities for which there is no market-demand for. This distinction is very clear when comparing work-activities which take place in a private business to work-activities taking place in community organisation solely based on voluntary work. However, when it comes to work within the public sector, this distinction is however more difficult to make. Work-activities can in some case be fully incorporated in the regular activities of the organisation, clearly resembling the situation found within private employers. It can also be that the work-activities are not part of the regular activities of the public organisations, and are purely additional and created especially for the purpose of the program.

The filling-in of this indicator will thus require more interpretation than simply looking at the sector in which the work-activities will take place. Nevertheless, the programs in this benchmark all show characteristics which will make it possible to rank them on a scale on the extent to which the work-activities are connected to the regular labour market. The closer the activities take place to the labour market, the better the results are expected to be. As Ochel (2005) also mentioned, when the activities are in a private work environment, the participants face the same conditions as they would in a real job. His study showed that a “real” work-environment which was similar to the demands of a job on the regular labour market influenced the results of the projects significantly more than when the activities where taking place in a simulated work-environment, which was ran publicly. Additionally, a real work environment should facilitate the contact with a network of potential employers. According to network theory, informal weak ties can be very productive (Granovetter, 1974). Ochel showed that the skills learned in a private work environment where much more valued by future employers than the skills learned in a public work environment. The future employer perceives the participant as more productive and is therefore more quickly willing to hire him or her. Furthermore, Ochel also mentions that the disincentive effect of private work environment is larger, since the

\textsuperscript{4} For a definition of Intermediate Labor Market, see Finn and Simmonds (2003), Intermediate labour market in Britain and an international review of transitional employment programs, Department of Work and Pension research report #173; as well as Marshall and Macfarlane (2000), The Intermediate Labor Market, a tool for tackling long-term unemployment, Joseph Rowntree Foundation.

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participants are more likely to consider the working conditions harsher than they would be in a public program. This thus makes them more prone to accept a real job when the work-based employment program takes place in a private work environment. As a result, by offering a work-environment which is closest to the regular labour market, the work-based employment program is able to intervene on each dimensions of its three-dimensional intervention strategy, by increasing the ability to work, the willingness to work, and the access to work. The country with work-activities the closest to the regular labour market will thus receive a score of 5, while the country with work-activities the most removed from the conditions found on the labour market will receive a 1.

Another micro-level process indicator is the type and amount of rewards given to the participants in return for their participation in the program as a whole or for the work-activities in specific. As discussed in the section on the input-indicators, the participants are actually claiming an unemployment benefit when their participation in the program is required (as already mentioned it can be so that this claim lead to an immediate start of the program, or that the program will start a while after the benefit is being received). Three things can happen when the program starts: first, the participants can continue to claim the regular benefit at the same level as all other claimants while being in the program, second, a bonus or complement can be added to the regular benefit as a reward for performing work-activities, or third, the participant can actually be removed from the caseload of the benefit scheme to be employed in the program and thus receive a regular (subsidised) salary. It is obvious that the amount of the rewards which is additional to the regular benefit amount should make a difference on the willingness of the participants to take part in the project. Also, giving a salary in return of the work can be much more rewarding for the participants and take much of the stigma attached to the social assistance claimant status. This positive signal can also increase the access to the labour market for the participants.

The influence of benefit levels on the results of the programs were already taken into account as part of the input indicators. It was argued that lower benefit levels would increase the chance that participants exit the program to return to the labour market, mainly because of the financial incentives arising from the difference between the benefit level and the prospective wage received on the labour market. However, it was also mentioned that some arguments point to the fact that barriers to work can be created by low benefit levels. Indeed, this view is centred on the idea that too low benefit level will distort the attention and energy of the unemployed away from job search to other necessary activity such as
finding low-cost shelter and food, or repaying debts. Also, poverty and unemployment itself can be a cause of many socio-psychological problems (such as depression) which lower the chance of finding work. It is thus clear that giving generous rewards for participating in the work-based employment program could alleviate some of these negative effects stemming from low benefit levels. In fact, the combination of low benefit levels with high rewards for work-based employment programs would create a situation which was contemplated as being optimal by Robert Solow. His opinion was that there should be equilibrium between self-reliance and altruism, where work is rewarded and unemployment not being punished (in Beaudry, 2002, p.23). Hence, the country with the highest rewards for participating in the program will thus receive a 5, and the country with the lowest will receive a 1. Since we are interested here in the extent to which additional incentives are given for participating in the work-based employment program, this indicator will be measured in terms of percentage increase with respect to the benefit level alone. Also, the specific type of rewards will be taken into consideration in the ranking, where regular salaries are preferred over benefits for their signalling effects as well as their effect on the motivation and self-respect of the participants. However, it is expected that higher rewards will be found in programs where salaries are given, such that rankings will be preserved.

The sanctioning mechanism in effect within the benefit scheme legislation was also part of the input indicators. Harsher sanctions were expected to have a positive influence on the results since this will act strongly on the willingness to work of the participants. However, it can be the case that this legislation has left room for the implementing body to choose from a broad range of sanctions which they can apply. Indeed, as noted by the OECD (2000, p. 138), only measuring the strictness of the sanctioning mechanisms does not provide complete information on the impact these sanctions can have on unemployment levels because information on how these sanctions are implemented is also necessary for such analysis. For example, the OECD shows that while sanctions for refusal to accept a job are not so severe in Denmark, they are much more often applied than in Belgium, where sanctions are very harsh and thus reluctantly used (OECD, 2000, p. 134). Clearly, the sanctioning procedure can have an important impact on not only the sheer number and type of sanctions applied, but on the actual threat effect these sanctions pose to the claimants.

First, it can be assumed that the greater the flexibility in the procedure, the better the sanction will be able to reach its desired effect and be fine-tuned to the severity of the breach committed. Indeed, it was mentioned
by Vonk (2008, p.15) that the main condition for sanctioning procedure in work-based employment programs is that these are fair and are proportional. Hence, the first sub-indicators regarding the sanctioning procedure will thus be the amount of discretion available to the delivering body of the program in term of applying sanctions or not, and in varying the length and duration of the sanctions. However, flexibility should not equal complete surrender to the arbitrary decision of the case manager in the sanction to be applied. This would then lead to an unpredictable system which could quickly be deemed as unfair because highly dependent on the professionalism of the case-manager. Therefore, a second sub-indicator will be added, that of the degree of formality of the decision making process. A high degree of formality is expected to have a positive influence on the result of the program since this foster a trustworthy procedure in which rules are systematically applied, leading to expectable results (i.e. rule of law). Moreover, a high degree of formality can also be associated with easy and clear appeal procedures, which also contribute to the fairness of the procedure.

All in all, the combination of both flexibility and formality would lead to a sanctioning procedure which would be deemed fair, both by claimants and by those applying the sanctions. This in fact not only applies to sanctions with regard to social security benefit, but to sanctions and punishment in the law in general. Indeed, three principles are fundamental to criminal justice, and thus also to administrative law and its sanctions (Brouwer et. al., 2004, p. 449). The first one is the legality principle, where a punishable behaviour can only be so if this behaviour is prohibited by law. This principle is clearly related to the indicator of formality as described above. The second one is the culpability principle, where behaviour can only be punished if the person has intentionally committed the punishable behaviour. This also related to a formal sanctioning procedure as mentioned above. The third principle of criminal law is the requital principle, where the reason for punishment as well as the degree of punishment must find reason in the objective gravity of the accomplished offence. This is similar to the indicator of flexibility of sanctioning procedure as included in this benchmark.

The concepts of formality and flexibility are certainly related to each other. A formal system where clear rules are present for the application of sanctions can easily be expected to also lead to a flexible system in which different sanction levels are given for different degrees of severity of the breach. However, this does not need to always be the case. Indeed, it could be so that a very formal system only contains one level of sanction, and this would lead to a highly predictable system, where one could easily know that the consequence of a breach would be to receive a
sanction, although this sanction could not be adjusted to the severity of 
the act. Hence, while it can be expected that formality and flexibility will 
go hand in hand, this might not be the case for all countries, and different 
relative levels of formality and flexibility can be expected. Hence, both 
indicators will be given a rank of 1 to 5 and the country combining the 
highest degree of formality with the highest degree of flexibility will thus 
receive a score of 5, and the other countries will be ranked accordingly, 
with the lowest level of fairness being awarded a score of 1.

Summarizing, a total of seven indicators will measure the extent to which 
the process is likely to be optimal for good results. Table 4.2 summarises 
the choices made in this benchmark of the process of work-based 
employment programs.

Table 4.2 Performance indicators for the process of work-based employment programs

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Sub-indicators</th>
<th>Score = 5</th>
<th>Score = 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mode of Delivery</td>
<td>Mode of provision</td>
<td>Strongest focus on efficient</td>
<td>Weakest focus on efficient</td>
</tr>
<tr>
<td></td>
<td>Performance pay</td>
<td>delivery</td>
<td>delivery</td>
</tr>
<tr>
<td>Timing of start</td>
<td>Number of weeks</td>
<td>Quickest start</td>
<td>Latest start</td>
</tr>
<tr>
<td></td>
<td>after claim before</td>
<td>program starts</td>
<td></td>
</tr>
<tr>
<td>Length of program</td>
<td>Number of months</td>
<td>Shortest program</td>
<td>Longest program</td>
</tr>
<tr>
<td>Hours per week</td>
<td>Number of hours</td>
<td>Most hours</td>
<td>Least hours</td>
</tr>
<tr>
<td></td>
<td>per week in program</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work environment</td>
<td>Private for-profit</td>
<td>Closest to regular labour market</td>
<td>Farthest to regular labour market</td>
</tr>
<tr>
<td></td>
<td>Public/regular</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Public/simulated</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Voluntary sector</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rewards</td>
<td>Benefit only</td>
<td>Highest reward as % of regular</td>
<td>Lowest reward as % of</td>
</tr>
<tr>
<td></td>
<td>Bonus on benefit</td>
<td>benefit, and salary as a</td>
<td>benefit (only benefit as</td>
</tr>
<tr>
<td></td>
<td>Salary</td>
<td>reward</td>
<td>reward</td>
</tr>
<tr>
<td></td>
<td>- Amount of reward as % of benefit level</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sanctioning</td>
<td>Formality</td>
<td>Most formal and flexible</td>
<td>Least formal and flexible</td>
</tr>
<tr>
<td>procedure</td>
<td>Flexibility</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4.3. Output indicators

As explained in chapter 2, the output refers to what is being “produced” by the program. These are the direct effects of the program on the participants, such as for example increases in skills level, changes in preference for work, or a better access to job opportunities on the labour market. Actually, it is through this output that the impact is realized, that is to say, entering the labour market. Since objectives can also be formulated in terms of output, it is important for the calculation of the effectiveness and the efficiency to include these in the benchmark. Consequently, the three-dimensional intervention strategy defined in the previous chapter will also provide a framework for those output indicators. Through this three-dimensional intervention strategy it was described how programs attempt to increase ability to work, willingness to work and access to work. The output indicators will thus measure the extent to which those products of the programs have been achieved.

The first output indicator will look at the effect the program has on increasing skills levels. This will thus imply looking at the training activities which are part of the work-based employment program. Training activities can be either formal or informal, as part of more traditional class-room methods or else happening on-the-job. It was also discussed in the previous chapter that the work-activities themselves are also providing for on-the-job skills training. Nevertheless, this training component which is inherent of the work-activities of the work-based employment program can also be complemented by a formal skills training program. In general, an argument against “workfare” is that these programs foster an under-investment in training, since these are more expensive measures for which the return-on-investment is believed to be less than other provisions such as work-activities and monitored job-search (Beaudry, 2002). However, this benchmark looks at programs where training can be an important part of the provisions, and this hypothesis of under-investment in skills will thus also be discussed through this indicator.

Thus, this indicator will give a measure of the increase in ability to work through the formal skills training provisions which are part of the program, since it is already a given fact that in all program work-activities take place in which some informal training occurs. The country with the most extensive training program both in terms of hours per week as well as formality and transferability of the skills learned will receive a score of 5. The other countries will be ranked based on the relative position in terms of training with this country. The country with no formal training component will receive a score of 1. In the later case, this does not mean...
that the ability to work is not at all being improved, since skills-improvement can also be done "on the job" through the work activities. Nevertheless, a low score does mean that, relative to the other country in the benchmark, less is being achieved in terms of skills training, since all other countries also provide some type of "on the job" skills training through work-activities.

It should be noted however that formal training activities will also affect the other dimensions of the intervention strategy. As it was discussed in the previous chapter, increasing skills will also have an effect on the willingness to work since a higher wage will be able to be earned because of improved productivity levels. Also, since employers use education levels and other qualifications as a signal for the level of hard and soft skills, increasing skills through formal training will also increase the access to the labour market. Thus, while this indicator is a closer proxy for increases in ability to work, it also has strong links with the willingness to work and access to work as well.

The second output indicator relates more directly to the goal of increasing access to work. This will be measure by the type and amount of job search assistance. One of the determinants of success for work-based employment programs described by Ochel (2005) is the appropriate mix of workfare activities and job-search assistance in the program. The author concluded that the most effective programs are the ones that focus the most attention of job search assistance as opposed to focusing on work-activities only. As also mentioned by Lightman, Mitchel and Herd (2005), an important group of welfare claimants has significant barriers to work which will require thorough interventions beyond what can be offered while taking part in workfare activities. The amount and quality of job search assistance will thus be the indicator of the increase in access to the labour market, although other provisions can also increase access to work. These other provisions are amongst others, as discussed through the process indicators, providing work experience on the regular labour market and paying out a regular salary instead of a benefit. This increases the access to the labour market since they give the participant the chance to have a recent work experience on the résumé which is valued by potential employers (see Ochel, 2005). Nevertheless, the provision of job search assistance throughout the duration of the program is a direct way to influence the access to work, while those other provision act indirectly through changing the prejudice potential employers may have against unemployment benefit claimants.

This Job search assistance indicator will be made of two components. The first component is the intensity of the supervision and guidance received
by the participants. This supervision and guidance can have two different sources, that is to say, the (private) provider of the program and the government body which is implementing the program (and contracting-out the direct service delivery). Indeed, it may be so that, even though a private provider is responsible for the day-to-day supervision by its own case-managers, the government organisation implementing the program still also provides some case-management to the claimants. The later is especially true when issues of eligibility and sanctioning are raised. The second component of this indicator is the number of hours per week which is required or made available through the program. For example, the program can ask the participants to spend one day per week on searching for a job. The country for which both of these components is the highest, thus were supervision and guidance is the most intense and where job search requirement are included in the weekly planning in the program will thus score a 5. Countries has very little supervision and guidance for the participants and no time allocated to job search in the program will on the other hand score a 1. All other countries will be ranked according to their relative position to these two situations.

The third aspect of the three-dimensional intervention strategy was the increase in the willingness to work of the participants. It was discussed in the previous chapter how unemployed individuals will be unwilling to work in a situation where it is more “satisfying” in terms of utility to choose for being unemployed and receive a benefit. By eliminating the option of enjoying all free time and not working, the work-activities were argued to have an effect on the willingness to work. However, the activation conditions and accompanying sanctioning mechanisms were also said to increase the willingness to work because of the financial consequences inactivity will bring. Sanctions have indeed been shown to have a positive effect on the rate of return to the labour market by authors such as Abbring, et al. (2005), Van den Berg, et. al. (2004), Svarer (2007) and many more (see previous section). In terms of output, the “products” of the program, the increase in the willingness to work will be difficult to measure through a proxy. While the number of hours in the work-activities can be seen as having a certain disutility effect which will increase the willingness to work, this is not an assumption which will hold for all participants in the program. Also, looking at the amount of sanctions handed out will only show that a proportion of the participants was first unwilling to accept a job or participate in the program, but will not say anything about the effect of the sanctions on those who did not receive one. It has in fact been shown in some micro-economics studies that sanctions can have an important ex-ante effect, where participants will comply more with the program because of the existence of the sanctions (see section 4.1 on sanctions). However, all these effects have
been taken into account in the benchmark as part of the input and the process indicators. It was then assumed that sanctions and work-activities will influence the rates of return to work of the program through increasing willingness to work. Seeing the lack of micro-evidence which would be able to show increase in willingness to work, the actual link between the input/process and the impact will not be calculated as part of the output indicators.

Nevertheless, the quantity of sanctions which are yearly used in each program should still be measured as part of the output indicators. This would not be in order to calculate a proxy for the increased willingness to work, but rather a product itself of the increased conditionality these types of programs bring about. Indeed, it is very much the question whether the strengthening in activation conditions and the sanctions that foster compliance to these conditions is actually being implemented at the street-level by case-managers. This would mean that the increase in conditions and sanction would only take place in the legislative field, and thus could be seen as a way to make symbolic law. Symbolic law can be defined as a type of law in which the strongly normative message in which political values are conveyed is the core of the law, and this law not meant for the actual enforcement of its conditions (Aubert, 1969). By looking at the extent to which the combination of the sanctioning procedure and the sanctioning mechanisms result in sanctions actually being used, the hypothesis of symbolic law can be tested. Nevertheless, in the case where sanctions are not part of symbolic law by that they are truly being used by case-managers, it is still difficult to gauge what the number of sanctions given out actually says. For example, it is difficult to tell whether a small amount of sanctions has to do with the individual participants in the program and their propensity to breach, or whether is has more to do with the sanctioning procedure and the institutional setting in which sanctions take place. To answer this, sophisticated micro-economic experiments would need to take place in which the characteristics of the participants and the characteristics of the sanctioning procedures would be taken into account. What can be expected is that the actual number of sanctions given out per year in a program is both a combination of its participants’ propensity to breach and its own decision-making procedures with regard to the sanctions. Also, some important factors can come into play, such as the presence of financial incentives from giving out a sanction to participants. Consequently, a qualitative discussion on the number of sanction used in relation with the process indicator of the sanctioning procedure should therefore be very informative on the extent to which sanctions are truly being used or whether they are only part of some change in discourse without change in use of instruments.
The last indicator as part of the output benchmark is the coverage of the program. Because the objectives of employment programs have to do with either increasing ability, willingness and access to work, or fostering the return to the labour market, a measure of how many unemployed are being assisted through the program is also necessary. This is because the actual implicit or explicit macro-level objectives of the program will be to decrease the total number of unemployed in the country. A program where the measure of the output and the impact would be very positive should also be evaluated against its quantitative effect on the number of claimants who benefit from these provisions. This way, if the objective of a program is to raise the skills level of the unemployed, the combination of the output-indicator concerning the training activities and this indicator of coverage will give a good measure of the effectiveness of the program in terms of raising skills of the unemployed. This is also true when looking at impacts, which as will be explained next, is measured in terms of percentage of the participants who returned to the labour market, and not in terms of the total caseload.

Adding the indicator of coverage to the analysis of the impact will give a good idea of the real impact on total unemployment. Moreover, this indicator will also be very informative of the sheer size of the programs which are being compared, and this quantitative aspect is a very much needed addition to the qualitative evaluation of these programs. This indicator will be measured in terms of total yearly caseload within the relevant benefit, and not in terms of target groups, in order to reflect the impact a choice of a narrow target group will have on the coverage rate of the program. With respect to ranking, it is understood that the larger the program will be in terms of the total unemployment caseload, the larger the effect of the program on unemployment levels will be. Hence, the country with the largest coverage will receive a score of 5, while the country with the smallest coverage will receive a score of 1.

Table 4.3 on the next page gives an overview of the performance indicators which will be used to measure the output of the work-based employment programs.
Table 4.3  Performance indicators for the output of work-based employment programs

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Sub-indicators</th>
<th>Score = 5</th>
<th>Score = 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training</td>
<td>- Hours per week</td>
<td>Most hours and most formal/transferable skills</td>
<td>Least hours and least transferable skills</td>
</tr>
<tr>
<td></td>
<td>- Formality and transferability</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job search assistance</td>
<td>- Intensity supervision</td>
<td>Most intensive supervision and most time allocated for job search</td>
<td>Least intensive supervision and no time for job search</td>
</tr>
<tr>
<td></td>
<td>- Hours per week job</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>search in program</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of sanctions</td>
<td>- Percentage of participants</td>
<td>Qualitative analysis in combination with other indicators</td>
<td></td>
</tr>
<tr>
<td></td>
<td>sanctioned per year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coverage</td>
<td>- Number of participants per year</td>
<td>Highest coverage rate</td>
<td>Lowest coverage rate</td>
</tr>
<tr>
<td></td>
<td>in % of total yearly caseload</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.4. Impact indicators

The difficulties encountered when evaluating labour market programs where introduced in chapter three, where it was shown that even though much progress has been made regarding evaluation methodologies, still not one method stands out as providing the best estimate of the performance of a program. There is indeed a large body of literature relating to the proper way to calculate the impact of a program (see Smith, 2000; Klare, 2006; Martin, 2000; and De Koning, 2007; Thomas, 2008, for reviews of different methodologies and evidences).

As explained by amongst others, Smith (2000) and Thomas (2008), the main problem faced when attempting to evaluate active labour market programs is that one can only observe an individual once, either as this person takes part in a program, or that this person does not. The difficulty lies then in estimating what had happened in the other non-observed stage. Thus, while gross impact only look at whether a person entered or not the labour market after participating in a program, net impact is concerned with calculating only those participants who did enter the labour market through the program, but would not have done so otherwise. As a result, various statistical methods have been developed by econometrists to estimate this net impact (see Smith (2000) for a review of the most common methods). More concretely, what needs to be eliminated are the impacts which would have occurred anyway.
even in the absence of the program (deadweight loss) or impacts which do not create additional employment in the economy (substitution and displacement effects) (see chapter 2, section 2.2.1 for more on the deadweight lost, substitution effect and displacement effect; and also Calmfors, 1994). For example, if a program only attracts highly motivated and only recently unemployed individuals, one can expect this program to have a high rate of return to the labour market. Consequently, proponents of net-impact studies argue for the removal of this advantage given to the program by first estimating the number of persons who would have found a job on their own, and then subtracting this number from the gross rate of return to the labour market. These types of evaluations are therefore essential for the proper evaluation of labour market programs if one is interested to know the impact it has on total unemployment. It is also very useful for comparing the impact of different programs since variation in target group is taken into account in the statistical model. The benchmark should therefore rely on evaluations of the net impact of the programs in order to compare their rates of return to the labour market.

However, the methodologies to calculate this number of participants who would have found a job on their own are still being developed and are varying from one evaluation to the next (see De Koning, 2007, p. 5). This thus means that first, many evaluations of labour market program do not calculate net impacts as these require expert knowledge on microeconomic evaluations models. The data requirement is also much more complex when attempting to calculate net-impacts. This thus means that these net-impact calculations are actually rather seldom and surely not systematically performed for all labour market programs in many different countries. This should surely pose some problem for the data collection in part two of this benchmark. Indeed, only the UK and Australia performed net-impact estimations of their work-based employment programs5. Second, when looking at evaluations from different country, it is very much likely that different models will be used, which will be based on different assumptions and different variables. This would lead to estimates of net impact being not fully comparable, because of the differences in methodologies. This is also the case for the studies from the United Kingdom and Australia (see Beale, Bloss and Thomas, 2008 and DEWR, 2006, p.8). Without going to much into details into the debates around the appropriate methodology, it still is noteworthy to mention how several researchers are starting to discover important flaws in commonly used statistical models. For example, Canada, the Netherlands and Switzerland only present data on gross impact, and even those are in the case of these countries not easily accessible.

5 Canada, the Netherlands and Switzerland only present data on gross impact, and even those are in the case of these countries not easily accessible.
Lemieux and Milligan (2006) argue that the difference-in-difference models which are often used for net-impact evaluations are very sensitive to the choice in the control group such that they may perform poorly when this group is inadequately chosen. Another example is Lalive, Van Ours and Zweimuller (2008) who compared two dynamic estimators (matching estimators and timing-of-event estimators) and found that they resulted in different net-impact calculations.

Because of this major lack of evidence and this incompatibility in methodologies, only gross impact will be used in this benchmark. Nevertheless, the use of gross impact is less problematic when the evaluation is based on an international benchmark based on the entire policy-chain. First, we are here not concerned with the added value of program within the range of instruments used within a country, but we are concerned with the relative success of programs compared to other similar programs around the world. Second, differences in the target group and other individual pre-selection effects will be taken into account by the input-indicators of the benchmark. These will thus contribute to the explanation of why better results are being reached. In addition, external factors will take into account such effects as high economic growth or low employment standards which could also explain why a certain program is reaching higher return-to-work ratios. In conclusion, it is clear that while net impacts would be much more desirable to include in this benchmark, the sheer lack of available studies in some country, as well as the lack of a common methodology makes this first-best solution unavailable. Nevertheless, since the benchmark model is able to take into accounts some of the differences in the participants as well as differences in external factors, these gross impacts will be analysed in the light of these indicators. This will bring the analysis of the impact closer to the net-impacts than would otherwise be possible with a benchmark which would only take into account impact indicators. The need to remedy this lack of data availability will be discussed later on in the next chapter where conclusions on benchmarking labour market programs will be made.

The first impact indicator will thus be the rate of outflow to work, as measured by the number of participants who find a job either during the program or at the end of the program, as a percentage of the total number of participants who started the program. One important feature of this indicator is that it only looks at outflow to unsubsidized jobs, and not at outflow out of the benefit, as the objectives of the programs are not solely to diminish caseloads, but to do so through the labour market. A participant leaving the program to withdraw from the labour market would not be considered as having reached the objectives of those
employment programs. Also, as will be shown in the second part of this research, it is often so that participants in work-based employment programs leave the benefit scheme to become employees of the program. This would mean that those participants automatically exit the benefit, but this should not count as a positive outcome for the programs. Concerning the ranking of the countries against the scale of 1 to 5, it is obvious that the country with the highest rate of outflow to work will receive a 5, and the country with the lowest rate will receive a 1, with the other countries ranked proportionally in between.

Nevertheless, an important limitation to consider in the evaluation of the impact is also the sustainability of this return to the labour market. There is undeniably a risk that work-based employment programs stimulate the unemployed to enter precarious and low-paid jobs (Beaudry, 2002). The danger of this is the creation of a revolving-door phenomenon, where cycles of employment are alternated with cycles of social assistance (see Handler (2007)). While in the short-term the objective of Work First seems to have been reached, a long-term approach would show little improvement in the economic self-sufficiency of the individual. An evaluation of the Wisconsin Works program in the United States showed that 52% of the participants who left the program from 1999 through 2002 participated again in the program by mid-2004 (Department of Workforce Development, 2005). The fact that most participants in the Wisconsin Works program entered mostly low paid jobs is reflected by the data gathered on income levels of the participants after taking part in the projects. In 2004, 20% (with tax credits included 33%) of the former participants had an income above the US poverty-line (DWD, 2005). This meant that a majority of the participants did not manage to sustain economic self-sufficiency in those 3-5 years. The average income reported for tax purposes of the former participants was 9,000 US$ (DWD, 2005). Clearly, the majority of the participants in the Wisconsin Works program are likely to become “working-poor”, that is to say, individuals who hold a job but still do not manage to have an income above the poverty line.

These results are specific for the Wisconsin Works program but can surely be expected in other similar Work First programs. As Peck and Theodore (2000) pointed out, there is a general link between Work First and deregulated flexible labour markets. Additionally, they fervently argued for the fact that Work First created a ‘forced’ labour supply for contingent jobs, where the unemployed has no choice to make a transition to a low-waged job (Peck and Theodore (2000)). Accordingly, besides measuring the status of participants at the end of the program, a measure of the sustainability of their return to work should be taken into account. However, this type of data is also much more seldom in program
evaluations. When available, a measure of the status of the participants 3 to 6 months after leaving the benefit for a job should be taken into account in the analysis of the program, even though comparisons between all countries in the benchmark might not be possible due to lack of data for some countries.

Even though most programs have the principal objective to foster the return to the labour market, there is surely an implicit macro-level objective to decrease the total caseload number, and thus lower the unemployment rate. Total exit from the benefit, not only to take-up a job, should thus also be included in the measure of the impact of the program. Since some programs automatically create the exit of all participants in their program, another way in which this indicator can be calculated is to look at the number of participants who return to the benefit after having participated in the program. A measure of the rate of return to the benefit will thus be included in the benchmark of the impacts of the programs. Since this indicator is measuring failure instead of success, a score of 5 will be given to the country with the smallest rate of return to the benefit, while the country with the highest rate will score a 1.

The next indicator of impact also measures the effect on the total caseload, but this time the preventive effect of the program will be measured through the rate of inflow prevention. Besides fostering exit to work, work-based employment programs have a considerable threat-effect on claimants. This threat-effect is especially due to the disutility experienced from work-activities which are required from the participants. However, as said earlier when discussing the output with respect to the willingness to work, this disutility effect will not mean that all potential participants will rather leave the benefit than having to participate in the work-based employment program. As also mentioned by the OECD (2000, ch.4), some participants will still choose to take part in the program but will significantly increase job search efforts in order to leave as soon as possible. Some characteristics of the programs increase the threat-effect and these were discussed through-out the input and process indicators. For example harsh sanctions or not receiving any additional benefit for participating in work-activities can have a higher threat-effect for the potential participants (see Ochel, 2005). This threat-effect thus means that the total caseload is not only reduced from the fact that participants find a job on the labour market, but that some claimants decide to leave the benefit before the program will be made mandatory for them. This can be either from the start of the claim, or after a while, as discussed in the section on the process-indicators. A measure of the proportional number of unemployed exiting the benefit just before the work-activities must start will therefore be included in the benchmark of the impact of the
program. Since this prevention effect with help to attain the macro-level (implicit or explicit) objective of reducing the unemployment rate, a large prevention effect will receive a large score on the benchmark. In fact, as the other indicators, the country with the highest rate of prevention will receive a 5 and the country with the lowest rate will receive a 1, with the other countries ranked proportionally in between.

The measure of the prevention effect of the programs raises an important issue when looking at work-based employment programs. In fact, one major limitation of work-based employment programs emerges from the fact that the choices presented to the individuals are wider than only either taking part in the employment program or working on the labour market. The economic choice model presented in chapter 3 showed that work-based employment programs being mandatory, the individuals were then faced with the choice of working or taking part in the work-based employment program.

In reality, other choices are present for the individual. For example, the unemployed can have other sources of income which will make the welfare benefit unnecessary. These income sources can range from informal-market activities or even illegal activities, to family members or friends willing to financially support the unemployed. In addition, work-based employment programs being ran by the municipality, the unemployed can move to a municipality where the welfare requirements do not include the participation in Work First. Another option for the unemployed is also to simply accept to live under the poverty-level income. The presence of these other options imply that the incentives structure set up to influence the willingness to work also have an impact on the willingness of any of these other options.

Nevertheless, it is clear that the objective of the programs is not simply the reduction of the social-assistance caseload but its active participation in the labour market. When the unemployed opt for any of these alternative options, this objective is thus not met. Critics claim that especially young people just disappear from the official statistics. They are left with no job or benefit and society wrongfully accepts that part of the young literally fall through the bottom of the system (see FNV, PZC (2006)). This fact is of concern since it should not be forgotten that the primary goal of Social Assistance is not the activation of the unemployed but clearly the alleviation of poverty. By creating work-based employment programs which give the incentive to the unemployed to accept a level of income below the poverty-line, these programs thus undermine the effectiveness of Social Assistance. An important indicator to measure would thus be the level of income of all those exiting the
benefit system either as a result of the threat-effect of the programs. However, this type of data is hardly being collected by the public employment services, since these claimants are not part of their administrative data anymore, and would need extensive tracking through surveys or through the income tax system. Nevertheless, in the event this type of data is available, this indicator should surely be added to the benchmark. Through this indicator, it would be possible to know whether this threat-effect has indeed resulted in a large number of unemployed finding a job on their own, which would also diminish the deadweight loss of the programs and thus also raise the effectiveness of the program.

Table 4.4  Performance indicators for the impact of work-based employment programs

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Score = 5</th>
<th>Score = 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate of return to work</td>
<td>Largest rate of return to work</td>
<td>Smallest rate of return to work</td>
</tr>
<tr>
<td>Sustainability of job placement</td>
<td>Largest number of participants still in job after 3 months / 6 months</td>
<td>Smallest number of participants still in job after 3 months / 6 months</td>
</tr>
<tr>
<td>Rate of return to benefit</td>
<td>Smallest rate of return to benefit</td>
<td>Smallest rate of return to benefit</td>
</tr>
<tr>
<td>Rate of inflow prevention</td>
<td>Largest rate of inflow prevention</td>
<td>Smallest rate of inflow prevention</td>
</tr>
</tbody>
</table>

Table 4.4 shows these four indicators of the impact as discussed so far. These will allow measuring the effectiveness of the work-based employment programs with regards to the objectives of fostering the return to the labour market of the unemployed as well as decreasing the unemployment caseload in general. It will also take into consideration the negative effects the programs can have on the sustainability of this return to the labour market, by looking at effects such as the revolving-door phenomenon and the increase in working-poor through these programs.

4.5. External factors

The next group of indicators is of a rather different nature of the other indicators. These refer to contextual elements which are found outside of the domain of social security but still have an impact on the design, the implementation, and on the results of work-based employment programs. As explained earlier when looking at the impact, it is important to take
these into account especially since gross impacts of programs found in different countries are being compared. It could thus be so that the very good results of a country would not have much to do with the input or the process of the programs, but rather to those contextual factors, such as a growing economy. Even though most evaluations only look at the influence of external factors on impacts, they can nevertheless also have an influence on all the other elements of the policy chain. For example, economic growth can also influence the objectives of programs since assumptions about how easy it should be to find a job will be different in that context.

The ranking of these indicators will therefore have a different interpretation than the other rankings as described earlier. Since the effect of the external factors will be found on all the policy-chain, the ranking will not be based on the hypothesis of the influence the indicator will have on the impacts. This is because while an external factor indicator could have a positive influence on the impacts, it could be so that it has a negative influence on the rest of the policy chain, which would then not be visible from the ranking. Instead, rankings will be only based on the value of the indicators, such that 1 will be for low levels of the indicator and 5 for high levels. It will then be easier to make separate hypothesis for the influence of these ranks on each part of the policy-chain separately.

It should thus be clear that the analysis of the impact of the external factors will not be of quantitative nature, but will rather take the form of a qualitative analysis. It is thus not so that this benchmark will statistically correct the impact indicators for diverging levels of external factors. That is not to say that such an exercise is not useful, on the contrary. In fact, Mosley and Muller (2007) have recently benchmarked 141 public employment service offices in Germany and did correct the performance level of each office for exogenous factors such as economic condition and client characteristics. This resulted in a benchmark in which ranks truly represented the performance level of each office, since external effects were removed from performance levels. It is very unfortunate that such a method cannot be used for this benchmark. The very small number of units in the benchmark indeed does not allow for such techniques to be applied to the benchmark in this research. Nevertheless, by proceeding to a qualitative analysis of the external factors which could explain important differences in design, implementation and results, this research does recognise the importance of taking these factors into account. This is especially true when conclusions and recommendations are made on which programs should serve as a best-practice example to other programs.
Even though the strength of the economy provides for some good examples of what external factors can be, these are surely not the only type of factors which are meant here. Indeed, a broad array of institutions, rules, norms, market mechanisms will have an influence on the policy chain. The question here is thus how far to go in taking these into account. In fact, although it might be an interesting exercise to list all possible factors which will forge the policy-chain of work-based employment programs, the feasibility of the benchmark must be kept in sight. Thus not only the measurability of these factors must be taken into account, but mostly the availability of the data which are internationally comparable is a must. As with each category of indicators, the balance between the efforts required to gather the data and the added-value of the information for the understanding of the program must be maintained. It should thus be kept in mind that the benchmark is not meant as a mean to measure all possible aspects of the program, but to highlight the most important determinants of success and failure of these programs. The external factors have the objective to bring broader perspective into the analysis of the programs and allow a more thorough understanding of the different factors affecting its policy-chain.

The logical way to achieve this is to first define three broad categories of external factors which can summarize and encompass a broader range of factors. The first and most obvious category is the economic context, since this has without any doubt a major impact on the number of people unemployed in the country and the ease at which they will be able to find a new job. The second category is the juridical context, since many laws outside the social security laws will have an influence on some aspect of the design and implementation of the programs. Laws also shape the labour market in which the participants in the program will enter. At last, the political context in which the program takes place will also be taken into account, since this will have an important influence on the design of the programs and the way it is being implemented. The specific indicators for each of these three categories will now in turn be discussed.

The first category of external effects is the **economic context** of the country or region in which the program is taking place. First, the economic context will determine how many people are unemployed and who they are (mostly young people, mostly older worker from declining industries, low skilled workers in general, etcetera). This will of course then influence the target group of the program. As already discussed when looking at target groups (section 4.2), the unemployment rate of the young unemployed is much more volatile than the general unemployment rate, which means that in economic downturn they will make up a larger part of the stock of unemployed but that when the
economy regains momentum they will also find jobs in greater numbers. This will of course have an impact on the input of the program as defined earlier, and surely affect the results of the program. But also the process may be influenced, since it might be easier to find employers in the private sector, or even in the public sector, that are willing to take part in a work-based employment program if they have more difficulties filling their job openings. On the other side, it might be so that in times of economic down-turn, employers might be more interested in having employees who receive a wage subsidy. The precise effect of the economic context on the process is thus difficult to predict. The largest and most obvious effect of the economy on the program will be on the impact it will have in terms of return to the labour market. It has indeed often been stated that reforms introducing work-based employment program often take place in periods of favourable economic conditions, which would make the program appear more successful than it really was (Beaudry, 2002).

Hence, a measure of the extent to which the country was going through a period of economic growth will be added to the external factors, which will allow to correct for this positive effect on the results when comparing the different countries. It will also allow to highlight large differences in economic context which could have an impact on the input or the process indicators. First, this indicator will be made up of the GDP growth and the change in unemployment rate with respect to the previous year. Those two indicators will give an indication of the strength of the labour market at the time the participants where looking for jobs. If the GDP growth was low and the unemployment rate increasing, one can expect that it would be much more difficult to find a job than in the case where the GDP was growing fast and the unemployment rate declining. To these relative measures of the economy will be added an absolute indicator of the general labour market conditions, that is to say the unemployment rate itself. Indeed, all other things being equal, a higher unemployment rate would indicate a labour market where there would be less demand for labour, especially labour supply coming from the unemployment caseload. The country where the combination of these three indicators will represent the best economic condition will thus receive a rank of 5, while the opposite will be true for the country which will score a 1.

The second type of external factor has to do with the juridical context in which the program takes place, outside of the social security legislation which is taken into account in the input indicators. As with each other indicators, it has been acknowledged that work-based employment programs, just as a public policy, is formed by the law. This is true when
we look at both the instrumental functions of law as well as its normative functions. This meant that the social security legislation which was in direct link with the programs, mostly through the legislation on the unemployment benefit, were the source of information for many of the input and process indicators. However, other laws outside of this social security field can have an indirect effect on the programs, shaping its input, process, output, and impact. The range of laws which affect programs is in fact very broad, ranging from contract-law to laws regulating the age at which children should start school and until when they should remain in school, to fiscal regulations. Listing and measuring all these laws and regulations would however be impossible in any benchmark, and here one must look at the juridical indicators which are most likely to have the most influence on the programs.

With respect to the impact the program will have on the return to work of its participants, the labour law context will surely have a significant effect. Since work-based program either directly operate on the regular labour market or operate very close to it, employment regulations will have a great impact on the working conditions of the program participants both during the program and after leaving to take-up employment. In fact, in the cases where the work-based employment program provides a regular job on the labour market, these employment protection legislations have already been taken into account when discussing the sanctions in the program since this will be the channel which will be available for sanctioning participants. In those cases the employment protection legislation is first having a direct effect on the participants through the sanction mechanisms, and a second indirect effect by influencing the labour market which their enter after the program has stopped (defined by the moment the subsidy is not given anymore to the employer).

Authors such as Peck and Theodore (2004) argue how the type of jobs which are taken-up by the participants in work-based employment programs are low-paid and short-term contracts, leading to very precarious situations. Quoting Peck (2001, p.6) in its introduction to his famous book “Workfare States”; “Stripped down to its labour-regulatory essence, workfare is not about creating jobs for people that don’t have them; its about creating workers for jobs that nobody wants”. It should however be mentioned that this analysis concerns mostly programs found in the United States, where the level of employment protection is very low, and minimum salaries also very low. But seeing the fact that this can also very much apply to any other developed country, an indication of the insecurity of the situation of all those who return to the labour market will be included in the benchmark. The OECD has calculated an often used
index of the strictness of the employment protection legislation in its 
member-countries (see OECD, 2004, chapter 4). This index is based on 
three components: 1) protection of regular worker against dismissal (core 
component), 2) specific requirements for collective dismissal, and 3) 
regulation of temporary forms of unemployment. One important 
drawback for this index which the OECD has put forward is that many 
indicators within this index can be arranged differently through the 
collective labour agreements. To this measure provided by the OECD will 
be added one last component of the labour market situation, namely the 
minimum wage which would be valid for those who would have been 
part of the program (in some country this wage is lower according to age, 
or if one is a new employee).

The question here is how these factors should be ranked in the 
benchmark. In fact, the precise effect of EPL on the labour market is 
ambiguous (OECD, 2004, ch.4). On the one side, it is expected that a low 
level of employment protection will mean that it will be easier to hire new 
employees which are coming from the unemployment benefit. That is 
because employers take into account the eventual firing costs when hiring 
new employees, and low firing costs will thus be less of a hindrance 
(OECD, 2004, p. 76). On the other side, the sustainability of this return to 
the labour market is expected to be much lower in case EPL is not very 
strict because of these low firing costs. Also, a low minimum wage is 
expected to foster new hire, but at the same time this will mean that the 
recently employed person might not have much financial security. This 
ambiguousness is exacerbated by the fact that those hypotheses are not 
fully empirically proven. In fact, as the OECD discusses, data availability 
and comparability are major obstacles for cross-country longitudinal 
studies of the effect of EPL on the labour market. As a result of these 
ambiguous effects, the ranking in the benchmark will not be given in 
terms of effect on the impact of the program. This clearly highlights one 
drawback of this method, in which ranking needs to be based on a single 
common criterion, or otherwise this ranking will not be comparable from 
one indicator to the next. As a result, the ranks will be from low to high 
(instead of 1 to 5) and only a qualitative analysis will be performed. The 
programs will then be analysed in the light of the possible effect low EPL 
can have on higher short-term exit rates but lower levels of sustainability 
of the exit to work.

The employment protection legislation and minimum wage indicator are 
the two external factors which are selected to represent the juridical 
domain in this section of the benchmark. That is not to say that these are 
the only laws and rules which have an effect on the programs. On the 
contrary, the number of juridical arrangements which can be linked to
work-based employment programs seems more to be unlimited. One can think here of indicators of the costs of hiring new employees, the transaction costs involved in contracting private providers for service delivery, the rules on occupational health and safety within the programs, and working time regulations, to name a few. However, it is also important to consider the data availability and comparability of such indicators. Furthermore, it can be questioned whether there would be enough variation from country to country to be able to make some inference about influences of these rules on the employment programs. This small variation makes it then unnecessary to include in the benchmark, since these could not explain large differences in input, process, output or impacts. As an example, it is surely the case that the international legislation on the prohibition of forced labour does play a role in forging work based employment programs. However, the direct causality link between the interpretation of these rules in each country and the design of the programs would be difficult to make. This would be first because this type of information is not easily available, and second because the variation from country to country will not be so pronounced as to highlight differences in a significant manner. Nevertheless, when benchmarking labour market programs, one should pay careful attention to which legislation may present a significant degree of variation from country to country such that including this indicator would benefit the evaluation of the programs. In this case here, employment protection legislation and minimum wage legislations were deemed to have potential explanatory power.

The last indicator of external factors will be used more to explain the choices in design and modes of implementation than to explain the results reached by the program. This indicator will relate to the political context of the country, which is expected to have an important influence on the social security system of the country in general, but also on the timing of the introduction of the work-based employment program and initial choices made within this introduction phase. In fact, a discussion of the objective of the programs will have to include some notions of the political context in order to fully understand why certain choices are made above others. Political scientists around the world are researching the effect political parties and differences in ideology can have on the welfare state, which are complementing studies that mostly concentrate on welfare state regime typologies. When Esping-Andersen (1990) wrote his famous typology of welfare states regimes, the coincidence of political parties and welfare regimes made it easier to leave the analysis of the political context outside of consideration. Indeed, the liberal welfare state of the UK was lead by Margaret Thatcher, corporatist Germany ruled by Kohl and Sweden was ruled by the social-democrats. However, this clear
cut distinction did not hold over the last 20 years and looking at the political context surrounding work-based employment program will help understand design and implementation more than if only welfare state regimes were taken into account. The first indicator of the political context will therefore be the party which introduced the program in the first place. The second indicator will denominate if and when this party changed and the shift in ideology which this change brought about. These two external factors indicators will thus allow a comparison of the different work-based employment programs while understanding the political context in which the development of the program took place. However, links between political context and the results of the program are not possible to be made, since it is unclear how the ideological background would affect rates of return to work. It could be inferred that if a majority of the countries citizen votes for social-democratic parties that this could indicate a corporate culture in which social responsibility could be important, thus implying that employers would be keener to employ unemployment benefit claimants. However, this inference between voting behaviour and corporate social responsibility is not very strong. On the other side, one can expect that the political context does have a more direct influence on the input and the process of the programs. It will be assumed here that liberal and conservative governments would be more inclined to set up programs which would be more focused on sanctions and conditionality than would social democratic governments. The process within the program would also be expected to be containing more negative incentives, such as long working hours and little extra financial benefit from participation. As was discussed earlier in the section concerning the input and the process, some of these negative incentives are expected to have a positive effect on the results (sanctions), but others are not (low extra rewards for participation). In this way, no clear assumption can be made about the influence of the political context on impacts, but most indicators of the input and process will be better explained by looking at this external factor. The ranking will thus be qualitative.

Table 4.5 on the next page shows the selected three external factor indicators which influence the whole of the policy-chain, but are found outside of the social security domain in which the programs take place.
Table 4.5: Indicators for the external factors of work-based employment programs

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Sub-indicator</th>
<th>Score = 5</th>
<th>Score = 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic context</td>
<td>- GDP growth</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Changes in unemployment rate</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>- Unemployment rate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labour law context</td>
<td>- Strictness of EPL</td>
<td></td>
<td>Qualitative analysis</td>
</tr>
<tr>
<td></td>
<td>- Minimum wage</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Political context</td>
<td>- Party introducing the program</td>
<td></td>
<td>Qualitative analysis</td>
</tr>
<tr>
<td></td>
<td>- Changes of party</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.6. Conclusions

This chapter illustrated one of the main difficulties of the benchmark methodology, namely that all indicators need to be ranked in one direction with respect to their influence on the results of the programs. However, such inferences might not always be straightforward to make. A considerable amount of consensus must be found in the literature before one can make an assumption on the way in which a certain indicator will influence the results. While it was the case that enough evidence could support the choice for ranking with most indicators, a few indicators where much more difficult to rank. This was surely the case for the following two indicators, the benefit level as well as the sanction level and duration. For both these indicators, a U-shaped relationship with the impacts seemed to be the most realistic assumption that could be made. Indeed, very low benefits and very harsh sanctions could have the reverse effect they attempt to achieve by actually hindering the unemployed in entering the labour market. However, the precise turning point of this U-shaped relationship remains not known empirically. Consequently, the ranking will be in the first instance based on the assumption of a linear relationship between the indicators and the exit-to-work ratios. Nevertheless, the analysis of these indicators will be done with extra care, and vigilant attention will be given to the possibility of having made the wrong assumption by implying a linear relationship between the two indicators and the impact. In addition, with respect to the indicator representing the benefit level, an indicator of rewards given through the program will allow to account for the assumption that financial incentives within the program itself can also have a positive effect on the rates of return to work. As a result, the combination of the assumptions for the benefit level and for the rewards within the program is expected to provide for a realistic assumption on financial incentives.
Furthermore, the interpretation of the indicator on the quantity of sanctions was also difficult to place with respect to the ranking of the indicators. As it was discussed, a high number of sanctions could be seen as an indicator that many participants were putting a higher effort in finding a job, since requirements to search for a job were then respected. On the other side, a low number of sanctions would indicate that most participants are actually already following these requirements, such that sanctions are not needed. The inclusion of this indicator was nevertheless deemed very useful, not in relation to the impacts of the program, but to be able to make a complete evaluation of the sanctioning mechanism of the programs. Indeed, sanction will now be measured as an input, as a process and an output, which will be very interesting to analyse.

At last, it was also clear that the relation between the policy-chain and the external factors is made-up of a number of different positive and negative influences on many parts of the chain at the same time, such that the total effect on the program is very difficult to foresee. Also, due to the small amount of cases in the benchmark, statistical correction of the performance of the programs for differences in external factors is not possible. It is nevertheless acknowledged that the research would have greatly benefited from such a possibility. Other benchmarks in which the number of cases is large enough for such statistical analysis should surely attempt to use these types of corrections. Here, the analysis will have to remain of qualitative nature, by putting the results of the benchmark under the light of the economic, legal and political context these programs take place. The value of this qualitative analysis lies in the fact that conclusions and recommendation will be more cautious as to the direct application of lessons from one program to programs found in other countries. Also, since external factors can also vary through time, the analysis will also give an indication of how performance levels can be expected to vary as the context within which these programs takes place will change.

Clearly, social benchmarking relies heavily on the available research on the effectiveness of single indicators for the performance of labour market programs. Benchmarking thus serves as a way to use the information from these micro-level evaluations in a way which complements these studies, and surely not to replace them. Appropriate research on the impact of different elements of the input and process is thus very much necessary, and these are even stimulated thought social benchmarking. Much attention in future research should be given to strengthen the hypothesis needed for social benchmarking such that the ranking of performance indicators is based on stronger assumptions. Especially research on the effect of very low benefit levels as well as very harsh
sanctions is needed in order to better understand whether there is a limit to the extent to which these indicators can be expected to improve chances to find a job. In the context of the increased use of activation conditions in order to make active labour market even more “activating”, such information on the limits of sanctions and negative incentives is clearly needed.
5. Summary and conclusions on social benchmarking

The previous chapter has shown that a very rich amount of information will be compared within this benchmark model, which brings the discussion back to the use of benchmarking for evaluating social policy. As already explained in chapter two, benchmarking was first introduced by the private sector and was used to compare the production chain within an industry. Five different types of benchmarks were identified, where each focused on one section of this production chain, such as production costs or production processes. In the public domain, with many countries looking to improve their active labour market policies, several international comparisons have been undertaken in this field. Learning from best-practices has become more and more important in policy-making, and international evidence provides a mean to evaluate how rather different systems compare to each other in terms of performance. However, such international comparisons of labour market programs are not straightforward since many elements of differences and similarities need to be taken into account. Early adapters of benchmarking in the employment policy domain based their model on benchmarks which were developed for the private sector, and thus mostly focusing on one single aspect of the policy-chain. This resulted in simple benchmarks, which often failed to show how the ranks of each public program were being attained. Many thus saw benchmarking as a trend through which policy-makers attempted to increase the visibility of their efforts in achieving effectiveness and efficiency, without using that benchmark in order to improve their program. Benchmarking is thus often seen as window-dressing, where giving the impression of working on the effectiveness and efficiency of the programs was what was being sought, more than improving the programs themselves.

The research question of this benchmark asks how benchmarking can help in evaluating current active labour market policies. What is clear is that simple benchmark models in which only a few impact indicators are being compared will most likely not contribute to a better understanding of employment policies. Nevertheless, by building a comprehensive social benchmark model based on the entire policy-chain, this benchmark will be able to point out which elements of the input, the process, the output and the external factors where crucial in reaching the impacts in each program. Active labour market policies will then be able to be improved, based on the determinants of success and failure which where discovered through the benchmark.
It should thus be clear that social benchmarking is not a method which is an easy "quick fix", since a deep comprehension of a broad array of elements concerning not only the programs themselves but also the context in which the programs takes place is in fact necessary in order to fill-in all those indicators. Data sources will be diverse, from legislations on social security and employment protections and official policy statements from the government, to qualitative and quantitative evaluations performed by outsiders to the program.

The strength of benchmarking clearly lies in this ability to use both qualitative analysis as well as quantitative analysis in order to make conclusions on best-practices. While social benchmarking could be seen as a purely quantitative method, this is not the case for the benchmark being developed here. Indeed, if a benchmark contains a large number of cases as well a small number of indicators, quantitative analysis can then be used to test the links of causality between the different indicators. This is the method which was used with great success by Mosley and Muller (2007) in their benchmark of 141 German Public Employment Service offices across the country. However, this benchmark favours an analysis in which fewer cases are analysed in detail with respect to many elements of their policy chain. This way, a much deeper understanding of the many facets of the programs can be achieved, which surely will benefit the analysis of the results of the programs as the benchmark is aggregated to its final components.

Clearly, the social benchmarking model developed in this research finds itself at the intersection of two different research methodologies. As already said, it is much more detailed in its accounts of influential factors than what is mostly done in quantitative analysis. This way the model will be able to highlight best-practices while being aware of a large amount of elements which work together to create a successful program. On the other side, the benchmark model goes much further in quantifying and aggregating information than most qualitative research do. This way, the model will be able to sum-up the large amount of information gathered in a concise manner. More than a technique to sum up qualitative information, social benchmarking then allows to draw some conclusion on overall level of performance and show how different inputs and processes may lead to different levels of efficiency and effectiveness. Causality is then assessed in a much stronger way than in traditional qualitative research.

Hence, while the 25 indicators of this benchmark model might seem too much for those used to quantitative analysis based on a few causal relations, these might seem like a shallow depiction of the reality of
employment programs for those used to qualitative analysis. However, benchmarking does offer the promising possibility to act as a bridge between quantitative and qualitative analysis, combining the strengths of numbers with that of a broader view on what creates successful programs. Furthermore, social benchmarks do provide a platform through which both types of research can meet. On the one hand, strong quantitative research is needed in order to make assumptions on which the rankings of the indicators can be based. But on the other hand, a broader view of employment programs is necessary in order to make a proper choice on which indicator could be useful within each category of the policy chain. This choice should clearly be inspired by qualitative research on the realities of employment programs, both for individual participants as well as for policy-makers and managers.

The next part of the research has two objectives. On one side, the intention of the benchmark exercise will be to test the benchmark model which was developed in these last chapters. In other words, “the proof of the pudding is in the eating”. Claims with respect to the usefulness of benchmarking for evaluating labour market policies will be able to be assessed not only theoretically but also in an applied context. On the other side, this research has also for objectives to make recommendations on how to improve work-based employment programs and assist policy-makers in making the right choice when designing their program. Hence, whether this social benchmark model works and whether work-based employment programs also work will be investigated next.
PART II  BENCHMARKING WORK-BASED EMPLOYMENT PROGRAMS
6. Input Benchmark

As explained in chapter 2 and then also in chapter 4, the input are the first element within the policy chain. They represent the foundation upon which the policy-makers will build the processes within the programs. Therefore, these input indicators can also be seen as the national framework given by the social security scheme in the country within which the program will be operating. This social benchmark of work-based employment policies will measure the input using 7 benchmarks. These are:

1. Objectives
2. Target group
3. Financial resources and incentives
4. Governance model
5. Benefit level
6. Activation conditions
7. Sanction legislation

The first section of this chapter will discuss each of these 7 benchmarks separately, analysing the situation in each country and in each program and presenting the ranking which is given in light of this analysis. As can be remembered from chapter 4, the indicators will be ranked based on the expected effect the indicator will have on the rates of return to work of the participants in the programs. Hence, a rank of 5 will be the best rank and will be attributed to the program which shows the value of the indicator which is most likely to lead to good results. Then, the second section of this chapter will first present the radar charts for each programs made up of those 7 benchmarks. After that, the surface measure of performance (SMOP) will be calculated based on the radar charts, which will allow to measure the overall ranking of the inputs for each program. Conclusions will then be made on which country presents the best chances to see its programs being successful, based on the assumptions made in chapter 4 concerning the links between inputs and impacts.

6.1. Objectives

The first and foremost input to be measured is the objectives of the policies. As shown in chapter 3, the main objectives which work-based employment programs try to achieve is that their participants find a job on the labour market. However, work-based employment programs can also have other objectives. These intermediate objectives are related to the output of the program rather than the impact, and are based on the three-dimensional intervention strategy as discussed in chapter 3. These
intermediate objectives are, to increase ability to work, to increase the willingness to work, and to increase access to work. The extent to which the program is directly and explicitly aiming at fostering the return to work of its participant will be measured here for each program. A high score will show a high degree of focus on return to the labour market, and a low score will indicate that the central objective of the policy is mostly formulated in terms of intermediate objective. The further the link with return to work, the lower the score. This is for the reason that, as explained in chapter 4, it is expected that not focusing on return to work will lead to less effective choices regarding the links between the intervention strategy and the actual return to work of the participants. Nevertheless, in order to fully understand these intermediate objectives for the programs, scores will also be given for the extent to which each intermediate objective is central to each program. These will be used for gaining a better understanding of the program in general, as well as for the analysis of the effectiveness and efficiency of the programs.

Furthermore, objectives can be divided into two different categories. Firstly, they can represent the objective of the program regarding the individual participating in it. These are called here micro-level objectives. An example of a micro-level objective is aiming to increase the level of skills of the participants in the program. Secondly, objectives can have to do with the impact the program will have on the social security system as a whole, or even on the economy as a whole. An example of such a macro-objective could be to cut down government spending on social assistance benefit. At both levels, these objectives are nevertheless related to the return to work of the participants, but this distinction is useful for the sake of understanding how objectives are formulated and made operational.

The objectives of each program will thus now be discussed in order to measure to what extent these are focused on return to work or on any of the three intermediary objectives. On a micro-level, the objectives of the New Deal programs in the United Kingdom are: “to increase long-term employability and help young and long-term unemployed people, lone parents and disabled people into jobs; and improve their prospects of staying and progressing in employment” (Finn, 2000, p. 389). In the Netherlands, the most common objective for the projects which took part in the Work First Benchmark 2006 was that the participants should “return to work as soon as possible” (Work First Benchmark 2006 Database). The micro-level objective of the Work for the Dole program in Australia comprises four aspects: “1) Gain work experience, 2) Build Networks, 3) Improve self-esteem, and 4) Contribute to the community” (Guide to Social Security Law, 2008, section 3.2.10.80). On the Canadian
side, the Ontario Works program has for objective to “Help people in financial need become employed and achieve self-reliance, through mutual responsibilities of the participant and the delivery agent” (Ontario Works Directive #1.0, p. 2). The micro-level objectives of the Temporary Job and RMCAS program in the Canton of Geneva are as well to encourage and assist the unemployed to return to work (CEPP, 2002, p.5, quoting the Conseil d’Etat (1996); and, RMCAS Law, art. 27, 28). However, both programs have also some very distinct objectives from the other programs in the benchmark. The Temporary Job program’s foremost aim is “allowing the unemployed whose rights to unemployment insurance has ended to become eligible for a second period of claim” (Cantonal Law on Unemployment, art. 39; and CEPP, 2002, quoting the Conseil d’Etat (1996)). The RMCAS benefit has for primary objective “to give the right to a minimum revenue for the unemployed whose rights to unemployment benefits (both federal and canton measures) have ended, in order to avoid having to claim Social Assistance” (RMCAS Law, art.1). Since these objectives are particular to the Swiss case, they will be discussed in more details towards the end of this section.

The strongest emphasis on return to work is in the Netherlands, where it also should be achieved in the shortest possible delay. This is also the case for the Ontario Works program, in which policy directives clearly assert the “work first” approach of the program, where the shortest route to employment is the one to be taken by participants (Ontario Works Directive #2.0, p.2; #6.0, p.6; and #37.0, p.6. See also Lightman et. al. (2005)). The New Deal for Young People and the New Deal 25 plus in the UK both also have a strong emphasis on return to work. Moreover, the New Deal programs also give much importance to raising the employability level of the participants. The objective of increasing employability is also present in a number of Work First projects in the Netherlands, since 38% of the projects in the Work First Benchmark 2006 considered increasing work-ethics and work-skills to be the first or second most important objective of the project (Work First Benchmark Database 2006).

On the other side, the Australian program does not focus on the return to work, but rather on intermediary objectives related to each of the three dimensions of the intervention strategy. Indeed, the objectives emphasize raising the self-esteem of the participants, providing a valuable work experience and helping in the building of a network which can assist in finding a job. Obviously, these objectives indirectly aims towards return to the labour market, since they all increase ability to work and access to work, but this has not explicitly been made an objective of the program.
Most important for the Australian Work for the Dole program is the objective of mutual obligation, which is formulated in term of “contributing to the community”. Mutual obligation in the Australian context can be interpreted in two ways, as it is also the name of a group of employment programs for the unemployed (which encompasses Work for the Dole). However here, the term refers to the principle that the unemployed “should give something back to the community that supports them” (Yeend, 2004; Martyn, 2006 quoting Prime Minister Howard in 1999; Moss, 2006, quoting the Department of Employment Workplace Relation and Small Business’ information web page on mutual obligations in 2000). In fact, the Work for the Dole Act of 1997 states as its object, amongst other, “recognising that it is fair and reasonable that persons in receipt of such payments participate in approved programs of work in return for such payments” (Social Security Legislation Amendment (Work for the Dole) Act 1997, article 4).

However, this “mutual” obligation is putting heavier demands on the unemployed than on the government itself. This has been noted by a number of academics, such as Moss (2006 and 2001), Finn (2000), Harris (2001), Burgess et. al. (2000), as well as politicians from the Labour Party and social advocacy groups such as the Australian Council on Social Services (2001) (see also accounts of criticisms in Parliamentary Library E-brief on Mutual Obligation from Yeend (2004)). In fact, from the official texts such as the Social Security Guide, one can see that the obligation from the government relates mostly to the paying out of benefits, and not to the provision of services to assist the unemployed in finding work. The mutual obligation from the part of the government (or better in this context: the community, consisting of taxpayers) is thus an obligation to pay of unemployment benefits. While the mutual obligation from the part of the claimant is to give some of their time to the benefit of the community in exchange for these benefits payments, by for example providing services or working on improving infrastructures. Statements about the level, quantity or quality of services to be provided to the unemployed are not explicitly part of the definition of the mutual obligation. This was nevertheless the case before the Work for the Dole program was implemented, in what was known as the Job Compact, where the idea of reciprocal obligation was introduced. This program was put in place by the Labour government at the end of the 1980’s and guaranteed every long-term unemployed the right to a subsidized job (Carson et. al., 2003). This thus meant that the state had a job creation obligation, which was later removed from the concept of mutual obligation by the Coalition government in the mid-1990’s (Carson et. al., 2003; Harris, 2001).
Finn (2001) and Curtain (2000) have looked at the differences between the objectives of the Australian Work for the Dole and the British New Deal programs. They found that while in both countries claimants were required to “do something” in return for their benefit, the government in the United Kingdom also committed itself to a certain level of duty in the services it provides to its claimants. From the macro-objectives of the Ontario Works program in Canada, it is evident that the establishment of a system of mutual obligations is also an important part of the objectives of the program. Similar to the UK and unlike in Australia, the Ontarian government does commit itself to its side of the reciprocity equation. It does so by mentioning in both its micro-objectives and macro-objectives how the government is also responsible for effective service delivery and for the return to work of individuals. The macro-level objectives are framed in the Ontario Works Act, where it is mentioned that the purpose of the Act is: “1) recognize individual responsibility and promote self-reliance through employment; 2) provide temporary financial assistance to those most in need while they meet obligations to become and stay employed; 3) effectively serve people needing assistance; and 4) be accountable to the taxpayers of Ontario.” Furthermore, the Ontario Works Directives #49.0 on Delivery Standards states, amongst others, that a full range of employment assistance activities are to be made available by Delivery Agents of the program. Directive #2.0 also determines five principles which should guide the delivery of the program, in which the importance of the quality of the assistance, the timeliness of response as well as the achieving of outcomes aimed by the programs are central.

Understanding the significance of the concept of mutual obligation in Australia requires looking deeper at the social security system found in the country, since it differs greatly in design from the system in the four other countries in the benchmark. The design of the social security system will be discussed in detail later on in the benchmark, so this discussion will concentrate on aspects which are of influence when discussing this objective of creating mutual obligations. The fact which is relevant here is that all Australian social security benefits are financed out of general tax revenue. In other words, social insurances do not exist such as in most industrialized country, so no social contributions are paid by either the employee or the employer. If a person becomes unemployed (or disabled), it must claim a means-tested benefit for which he has not made direct contribution. What is important to know is that the benefit level is maybe lower than that found in some welfare states of Europe, such as the Netherlands and Switzerland, but higher than that of countries with similar social security systems, such as the United
Kingdom and Canada (OECD, 2001, p.151). This high level of benefits as well as the generous means-test – in which people with relatively high levels of income and asset are eligible for the benefit – is meant to compensate somewhat for the lack of social insurance. But this also means that a person who has never worked, never paid much income tax, also benefits from these high replacement rates. Following the ideas of the concept of welfare dependency, influential to the Coalition Government, it would mean that those persons with little (recent) work-experience tend to also stay longest on benefits. This reasoning would also mean that those long-term unemployed benefit disproportionately from these relatively high benefits. The Work for the Dole scheme was thus meant to restore this balance by being part of a Mutual Obligation framework.

Indeed, as has just been shown, looking beyond official policy statements allows a better comprehension of why each program has chosen those particular objectives. Clearly, the context in which programs emerge will dictate what will be the focus of the program. Programs are in fact designed in order to solve a problematic situation. While the benchmark will take into account the so-called “external factors” which are outside the policy chain of the program, these are only relating to the years in which the impact of the program are measured. This discussion here relates to external factors which were of influence when the programs were designed, that is to say in the mid-nineties for most country. In all five countries in this benchmark, a rising caseload as well as high unemployment levels – especially high long-term unemployment rates and youth unemployment rates – painted the background in which the programs were designed. However, what was thought to be the cause of this problem and its possible solution diverged between countries.

When the 1990's saw unemployment rates reach towering values in the United Kingdom and the rest of Europe, the British Labour Party readjusted its labour market strategy quite considerably. This readjustment of its views on how best to combat these high unemployment levels were most influenced by the economists such as Layard, who was an adviser to the government when the Labour party came to power (Finn, 2003). The idea brought forward by Layard, Nickel and Jackman referred to the fact that the high level of unemployment was not due to increase in the number of people who entered unemployment

6 See Benchmark 5 for a comparison of benefit levels.
but in a decrease in those who left unemployment (Sunley et. al., 2001). In other words, the continuous “natural” inflow into unemployment stemming from cyclical or frictional unemployment adds to an ever increasing stock of unemployed persons because the rate of outflow out of unemployment is lower than this inflow. By raising outflow from unemployment to the labour market, the so-called NAIRU (Non-accelerating Inflation Rate of Unemployment) would therefore be lowered.

The focus was thus shifted from a demand-side Keynesian approach (to which the party traditionally adhered) to a supply-side strategy which focused on raising the employability of the unemployed in order to increase the rate of outflow (Finn, 2003). This fitted well the New Labour’s “Third Way” ideology, where a best-of-two-world was being advocated by combining liberal and social-democratic traditions of dealing with welfare. Indeed, it was argued that an important change in the labour demand had occurred in the last decades, with an important shift towards a post-industrial economy where the service industry took a central place, entailing that new types of skills were needed in a new flexible labour market which better suited the modern economy (Finn, 2000). In fact, for many low-skilled jobs in the post-industrial labour market the level of skill needed to perform the job does not require a high level of education but does require the acquisition of some specific skills which are often non-transferable between sectors. Hence, this combination of low-skilled/specific-skills creates an increased need for interventions on the supply-side of the labour market.

While important steps towards the activation of labour market policies were taken with the significant increase in the conditionality of benefits by the creation of the Jobseekers’ Allowance by the Conservative Major government, little emphasis was given to the services provided to the unemployed (Walter and Wiseman, 2003). This drastically changed after the General Election in 1997, when Tony Blair and the New Labour Party came into power. Having won the election, the 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 for benefit claimants, which promised “work for those who can, security for those who cannot” (Department of Social Services, 1998, Green Paper: New ambitions for our country: A new contract for welfare). The welfare reform itself was also portraying a range of broader objectives such as to reduce child poverty, increase employment and “make work pay” (Walter and Wiseman, 2003). The New Deal programs were thus part of this reform, and as already mentioned, aimed at reducing the number of young unemployed and long-term unemployed
by raising their employability. As already mentioned, the ultimate, macro-objective, is that this increase in outflow out of the benefit system will lower the NAIRU, the “natural” rate of unemployment which is bound to exist in every economy.

In fact, all five countries in the benchmark turned to supply-side solutions for the problem of high levels of unemployment. While Nixon admitted in the beginning of the 1970’s that “we are all Keynesians now”, Palier (2006) and other academics studying labour market policies have recently twisted the phrase around and noted how “we are all supply-siders now”. This also is valid for the Ontario Works program in Canada. This program was created in 1997 by the recently elected Progressive Conservative Party, a neo-liberal party active in at the provincial level in Ontario. The Ontario Works program came as part of a package of reform named “The Common Sense Revolution”. This reform, amongst other, aimed at reducing welfare dependency through mandatory work or (re)training (Lightman et al., 2005). Nonetheless, such a reform was made possible by a change in federal legislation, even though social assistance is legislated at the provincial level. In Canada, the federal government funds a great part of the provincial Social Assistance schemes in Canada, and the funding arrangement can put some restrictions in how the province could deliver social assistance. The Canada Assistance Plan legislation which was present up to 1995 prohibited provinces to put any restriction on eligibility other than being in need (Canada Assistance Plan Act, art. 6(2)). However, the new federal legislation of 1995 did allow provinces to experiment with workfare by allowing “provincial flexibility” (Federal-Provincial Fiscal Arrangement Act, art. 24.3). This meant that the newly elected Ontarian government could increase the level of conditionality of its social assistance benefit in which training and work could be made mandatory (Herd et al., forthcoming JPHS). Such a focus on the incentives and motives of the benefit claimants meant that by alleviating their barrier to work, they could then move on to find a job, unemployment would decrease and employment would rise. This reasoning is similar to the one in the United Kingdom, however, the focus here is more on the need to eliminate the incentives which allows beneficent to become dependent on welfare. Following the framework presented in chapter 3, the focus in Canada seem to be to move the unemployed from a position in which they are unwilling to work to one in which they are willing to work, whereas the British objectives are more pointed towards increasing the ability to work of the claimants.

Decreasing the caseload using supply-side policies was also the strategy chosen in the Netherlands. While the New Deal programs in the UK and Ontario Works in Canada were one of the first Active Labour Market...
policies to be implemented, the Dutch programs are part of a long history of attempts in lowering unemployment levels. This means that while its objective also focus on assisting the unemployed to return to work, its legacy means that some differences arise when looking at why this objective is central to most programs. As already discussed in the introduction, the various Work First programs exists at the municipal level with little connection to each other. As a result, we cannot speak of one single objective of the Work First projects in the Netherlands.

Table 6.1: Main and secondary objectives of the projects

<table>
<thead>
<tr>
<th>Objective</th>
<th>Frequency in the 49 projects*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finding work as soon as possible</td>
<td>69 %</td>
</tr>
<tr>
<td>Decreasing passive attitudes</td>
<td>33 %</td>
</tr>
<tr>
<td>Increasing motivation to work</td>
<td>2 %</td>
</tr>
<tr>
<td>Threat effect to potential claimants</td>
<td>10 %</td>
</tr>
<tr>
<td>Training of work-ethics and skills</td>
<td>39 %</td>
</tr>
<tr>
<td>Mentality change towards reciprocity</td>
<td>6 %</td>
</tr>
</tbody>
</table>

Note:* Numbers do not add up to 100% because the calculations are based on a ranking. Objectives were ranked according to importance, and the two first ranks were taken to make-up the main and secondary objectives of the project.


Table 6.1 shows the frequency of various objectives in the 49 projects who took part in the Work First Benchmark 2006, based on the ranking of the two most important objectives they pursued. The emphasis on a quick return to the labour market – as soon as possible – can be understood in the light of the failures of previous active labour market policies to efficiently reduce social security caseloads.

Active labour market policies were already being implemented in the Netherlands in the late 1980s, which is fairly early compared to many other European countries (Van Berkel, 2006). The Public Employment Service, Regional Social Insurance boards as well as the municipalities provided various kinds of training and job search assistance to those who where unemployed, targeting groups such as the unemployed youth or the long-term unemployed (Van Berkel, 2006). However, these active labour market policies were thought to be rather inefficient. Indeed, throughout the 1990’s the amount spend on ALMP kept on increasing while caseload were not being reduced up until the economic boom which started around 1995 (Martin, 2000 and SCP, 2000, p. 331-332). The reason for this was thought to be due to not only providing the wrong incentives to the claimants to return to work, but also due to a failure of social policies to provide the best help to the right claimants (Van de Veen and Moulijn, 2004). Most of these failures were thought to be stemming from lack of incentives to perform efficiently, a typical criticism of
bureaucratic governance models. Indeed, various Commissions evaluating the implementation of social insurances, social assistance and public employment services found that the implementing agencies did not focus on the return to work of the claimants (Social Cultural Planning Office, 2000, p.336). In this way, the Public Employment Service and municipalities were following a typical Human Capital approach to active labour market policies, in which the increasing of skills and education levels of the claimant is central to achieve a long-term goal of a durable transition to work (Bruttel and Sol, 2006). A reform of the structure of the social security system was therefore deemed to be necessary in order to change this focus towards one in which return-to-work was central (PricewaterhouseCoopers, 2006). This reform was enacted by the Structure for Implementation of Work and Income Act of 2001. The motto of the reformed program was “Work above Benefit”, in the sense that it is better to be in work than to receive a benefit from the government.

The details of the SUWI reform will be discussed later on in more depth, but it is relevant for understanding the objective of the Work First programs to understand the consequences it had on the financial incentives of the municipality. In short, the Work and Social Assistance Act of 2003 arranges that the amount of benefits which will be transferred by the municipalities is being predicted every year, using historical municipal caseload information as well as local socio-economic indicators. This is the amount of block-grant the municipality will receive from the central government. As a result, the municipality needs to supplement this amount out of own revenues if this amounts falls short of the transferred funds, meaning, if there are more beneficiaries than what was predicted by the central government. However, if the municipality requires fewer resources than has been transferred because it has fewer claimants than predicted, it may keep the unused funds and spend it as it wishes. Many Work First programs were designed by municipalities since the implementation of the new act in 2004, most projects designed with the micro-objectives to assist their claimants to find the shortest route to the labour market. Nonetheless, these projects were also implemented to achieve the macro-level objective of decreasing caseloads more than what could be expected from socio-economic forecasts (see RWI, 2008, p.27 and p.56).

The case of the programs found in the Canton of Geneva has not yet been discussed because of the little commonalities they bare with most of the issues discussed above. While both programs contain all the elements which define mandatory work-based employment programs, their objective differ largely from the objective of the other programs in the benchmark, besides for the fact that they both aim to promote the return
to work of their participants. This objective is however not the primary objective of these programs. In Switzerland, the responsibilities for social security have been divided between the federal government and the canton government. Unemployment insurance is the responsibility of the federal level while Social Assistance is under the competence of the cantons (the Swiss Conference of Social Action Institution (CSIAS) makes recommendations to help maintain a certain level of harmonisation (MISSOC, 2006)). Accordingly, unemployment insurance funds (public and private) pay out the benefit and active labour market policies for unemployment insurance claimants are arranged by the Regional Placement Offices, which fall under the responsibility of the Canton government but which are funded from federal general taxation (the federal grants are based on outcomes in terms of return to work8). On the other side, Social Assistance is implemented and funded by the Cantons themselves, out of their general tax revenues. When a worker becomes unemployed, he or she is thus eligible to the federal Unemployment Insurance. When these rights are exhausted, he or she must then claim Social Assistance from the Canton government, a benefit which is means-tested and by definition much lower than contribution-based Unemployment Insurance.

The two Geneva work-based employment programs in this international benchmark, the Temporary Job program and the RMCAS (Cantonal Minimum Revenue of Social Assistance), have thus for objective to minimize the impact of the transition from Unemployment Insurance to Social Assistance. From the beginning of the 1980’s, about half of the Cantons passed legislations which provided assistance to the unemployed whose rights to insurance had expired, which consisted mostly of temporary jobs which lead to a new eligibility period (Flückiger, 2002). Since only those who were receiving Unemployment Insurance benefits are eligible to this benefit, thus indirectly contribution-based, this type of benefit is considered to be Unemployment Assistance. In the mid-nineties, in order to tackle an increasing unemployment level, the Federal Government revised the 1984 Unemployment Insurance Law (Bieri, 2004). The changes took effect in 1997 and introduced a range of active labour

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8 The Swiss welfare state has undergone many reforms in the line of New Public Managements theories. These included privatization, contractualism and performance-based financial incentives (Bonvin and Moachon, 2006). Some of these will be discussed in further details later on. However, these changes have little influence on the programs in the benchmark since they are designed at the Canton level. As will be discussed later on, the national reforms had little impact on the provision of Unemployment Assistance and Social Assistance in the Canton of Geneva. A plan to do so was rejected by referendum in June 2002.
market policies in order to increase the employability of the unemployed (Bieri, 2004). The duration of the benefit was also increased from 18 months to 24 months, and the minimum qualifying contribution time was increased from 6 months to 12 months (CEPP, 2002). This had the consequence that most cantons had to revise their Unemployment Assistance legislation in order to increase the length of the temporary jobs in order to keep them in line with the new eligibility criteria of the federal Unemployment Insurance legislation.

The canton of Geneva thus took this opportunity to bring some changes to its 1984 Unemployment Assistance laws. Besides Temporary Jobs, it also created two other programs of Active Labour Market Policy, which aim at assisting the unemployed in returning to the labour market. Both new measures also last for 12 months, pay a regular salary and consequently lead to a new eligibility period for unemployment insurance if no job is found at the end. One measure the Return to Work Allocation (ARE) is aimed at persons aged 25 and above and consists of a 20%-40% wage-subsidy paid out to employers (CEPP, 2002). The other new measure is the Return to Work Internship (STARE) and is meant for young persons under 25, where they are taken up by private sector employers, contribute to only 20% of the cost of the program, the rest being financed by the Canton. However, these two measures have been extremely slow of implementation since the enactment of the new legislation in 1997. As a result, 90% of those in the Unemployment Assistance scheme were part of the Temporary Job program in 2004 and 2005 (92% in 2003 and 93% in 2002) (OCSTAT, 2008).

Thus besides aiming at assisting those whose unemployment insurance has come to an end to find a job, the first objective mentioned by the Geneva Conseil D’Etat when presenting the new bill was “to maintain a tradition of social openness, notably by implementing measures allowing the unemployed to obtain a new right to federal unemployment insurance” (in CEPP, 2002, p.5). Clearly, this measure is thus aiming to alleviate some of the financial and psychological impact for those unemployed persons, who in the absence of this benefit would have had to rely on Social Assistance. The importance of the “social aim” in the Canton of Geneva has also been contrasted to the more “economic” treatment of unemployment in by the Federal Swiss government (ALMP, Performance measures and payments, etc.) by the External Commission on Evaluation of Public Politics in Geneva (CEPP, 2002, p.47).

Nevertheless, the implementation of this measure does also mean that the unemployed person is “given back” to the federal government to take care of for another two year. This surely creates savings for the Canton
government, who otherwise would have to give out benefits to these persons for that two year period. This objective, while never made explicit, can also be attributed to such a scheme. Only in the Netherlands and Canada does such an interaction between social assistance and social insurance exits, since in the UK unemployment insurance is much less comprehensive and in Australia it is inexistent. Hence, in Canada and the Netherlands there is an incentive to design programs in a way that creates eligibility rights for UI. These effects will be discussed further when benchmarking the design of the programs, in particular the combination of type of rewards (wages as opposed to benefits) and length of programs (enough for having enough contributions to UI). See Benchmark 10 and 13.

The Geneva legislation only limits the participation in a Temporary Job program to once in five year. After the second eligibility period to federal unemployment insurance, the unemployed who still have not been able to find a job must then claim the RMCAS, a means-tested flat-rate Unemployment Assistance benefit (only available to those whose rights to UI have expired, thus indirectly contribution-based, so defined as UA). The explicit objective of this benefit, as mentioned in article 1 of the RMCAS law, is “in order to avoid having to claim Social Assistance, to give the right to a minimum revenue for the unemployed whose rights to unemployment benefits (both federal and canton measures) have ended”. Similar to the Temporary Job program, the RMCAS benefit is clearly aimed at alleviating the personal consequences of the expiration of the unemployment insurance benefit. Also, through the work-activities the program requires (art. 27 of the law) and the allowances for activation projects it provides (art. 28 of the law), it also implicitly aims at assisting the participants in returning to the labour market.

Contrary to the Temporary job program, the assumption that a macro-level objective of reducing costs for the Canton government is not appropriate, since the claimants would have otherwise claimed a lower benefit from the Canton then they do with the RMCAS. However, since this benefit is quite generous, the work-activities are actually first aimed at creating a mutual obligation for the participants. In fact, these are called “contre-prestations” which translation in English comes closer to “doing something in return”, or, “mutual obligation”. It is thus clear that the RMCAS, similar to the Work for the Dole and the Ontario Works programs, requires the claimants to give something back to the government in return for the benefit they receive. Similar to the Australian case, this mutual obligation is strongly oriented towards the duty of the claimants, the government’s duty being implied to be to pay out the benefit.
This sub-section has discussed the various objectives of the programs in the five countries in the benchmark, and the reason behind their selection by the policy-makers in each country. Summarizing what has been said, the main objective of each program varied greatly. Work First in the Netherlands and Ontario Works in Canada both had the strongest emphasis that the program is meant to foster return to work as soon as possible, which also indicates that intermediary objectives related to the output are much less important than achieving high impacts. They thus both receive a score of 5 in this benchmark. The second most emphasis on return to work is found in the New Deal programs in the UK, where it is expected to be achieved mainly through increases in the skills and general employability of the unemployed. Ability to work is therefore central to this intervention strategy. The UK programs therefore receive a score of 4. The main objective of the Work for the Dole program in Australia was clearly the creation of a mutual obligation for the unemployed, even though official statements mentioned increasing skills and access to work as part of the aim of the program. The fact that these intermediate objectives should foster return to work was not explicitly stated, even though it surely can be assumed that return to work is an implicit objective of the program, as part of the general ALMP strategy of the country. Because of this, the score of this program in the benchmark will be 2. The two Swiss programs had a very different main objective than the other program since both primarily intend to alleviate the consequences of the end of the eligibility period to unemployment insurance for claimants. They will thus both receive a score of 1. The Temporary Job has for main objective to allow creating a second eligibility period, and the RMCAS' objective is to provide a much more generous benefit than the social assistance benefit which would otherwise be claimed. In terms of intervention-strategy, the RMCAS clearly requires the participation in work-activities as a mean to create a mutual obligation for the claimants. On the other side, the Temporary Job program does not explicitly mention any of the intermediate objectives, but at the same time it can be expected that the work-activities are expected to increase the willingness to work as well as the access to the labour market through signalling effects. This benchmark with respect to the main objective of return to work is presented under here.

As explained at the beginning of this subsection, a score will also be given for each of the intermediate objectives which were related to the three-dimensional. Since the programs in the United Kingdom clearly aimed at increasing skills, it will receive a score of 5 for this aim. On the other side, the program in Australia, Canada and the RMCAS in Switzerland aimed at increasing willingness to work through mutual obligations and will
thus receive a 5 for this indicator. Nevertheless, skills, self esteem and social networks were also mentioned, although they received much less attention when looking at further discussions on the aims of the program. Hence, the Work for the Dole program will receive a score of 2 for the other two dimensions. The aims of the Work First programs were more mixed as they meant to increase willingness to work (decrease passive attitudes, increase work-ethics) and ability to work (increase skills). It will receive a score of 4 for both of these aims. The Swiss Temporary Job program did not make any specific claims with respect to these objectives, but can be assumed to have low-powered aims with respect to the ability to work of the participants, since these are being kept active in a public sector job while waiting for a new eligibility to the insurance scheme. These conclusions on the intermediary objectives will be reflected in the rankings in this first benchmark under the heading of sub-indicators.

Benchmark 1: Input – Objectives of the programs

<table>
<thead>
<tr>
<th>Benchmark</th>
<th>Return to work</th>
<th>Ability to work</th>
<th>Willingness to work</th>
<th>Access to work</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom NDYP and ND25+</td>
<td>4</td>
<td>5</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>The Netherlands Work First</td>
<td>5</td>
<td>3</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Australia Work for the Dole</td>
<td>2</td>
<td>2</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>Canada (Ontario) Ontario Works</td>
<td>5</td>
<td>1</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>Switzerland (Geneva) Temporary Job RMCAS</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

One reminder needs to be given before proceeding to the rest of the benchmark. Chapter two illustrated how one of the most important lessons of evaluation is that effectiveness and efficiency are both relative to the objective of the program. That is to say effectiveness is evaluating by asking “to what extend is the objective of the program attained” and efficiency by asking “at what costs are the objective attained”. How then, should one be able to benchmark programs whose objectives differ? The first step is to acknowledge the similarities and differences in the objectives of the program, and has been presented in this sub-section. The second step is to take these differences in the importance of each objective into account when looking at the process, the output and the impact of the
program. Then, it is possible to conclude whether the explicit objectives of each program have been met or not.

Nevertheless, even those programs who do not explicitly claim to aim to increase the return to work of their participants have acknowledged this aim in an implicit way. As mentioned above, the Work for the Dole program aims to increase the ability and willingness to work of its participants, which should ultimately lead to increase in rates of exits of the program. Moreover, the Department of Employment and Workplace Relations itself has officially evaluated the Work for the Dole program on the basis of the number of participants who left the benefit for employment (see the Labour Market Assistance Outcome reports published quarterly, as well as DEWRSB, 2000; DEWR, 2004; DEWR, 2006). In addition, many other independent evaluations of the Work for the Dole program have also evaluated the program against the extent to which it increased the rates of return to the labour market of its participants (see amongst others Borland and Tseng (2004), Nevile and Nevile (2003) and (2005), Richardson (2002), Martyn (2006), ACOSS (2000) and Burgess et. al. (2000)). The same is true for the two Swiss programs, for which the effectiveness in terms of return to the labour market of their participants has been included in previous evaluations (see Flückiger, 2002; CEPP, 2002; Bieri, 2004). It should thus be fair to consider the increase in the rate of return-to-work to be an objective of the Work for the Dole and the Swiss programs in this benchmark, even though their score is low with respect to the objective of return to work. Needless to say, the other objectives of the programs in the benchmark will also be considered in measuring effectiveness and efficiency.

At last, it should be noted that the main research question of this benchmark is to identify the best-practices of work-based employment around the world. As a researcher, it is therefore possible to abstract from the either implicit or explicit objectives which the programs give themselves. The question here is whether programs which fit the definition of work-based employment programs do achieve a high rate of return to work, regardless of whether this was clearly the aim of the policy-makers. Surely, differences in aims will result in differences in process, which on their turn will result in different impacts being achieved. Hence the need to measure to what extent this aim of return to work is important to the program. That way, processes will be better understood, which will lead to a better understanding of the results. These differences in objectives are thus at the heart of the benchmark, and surely do not imply the impossibility to compare programs. By measuring the importance of this objective, better understanding of best or worse practices can be attained.

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6.2. Target groups

Chapter 4 showed how 2 target groups are most relevant for work-based employment programs around the world. These are young unemployed and the long-term unemployed. The presence of each of these target groups will be discussed for each of the programs in the benchmark. Several New Deal programs have been created since 1997, each with a different target group in mind. Table 6.2 shows their date of creation as well as their main characteristics. Clearly, two New Deal program will be of interest in this research since the benchmark only takes into consideration programs which are mandatory for those who are eligible for it. Those two programs are the New Deal for Young People and the New Deal for 25 plus. Table 6.3 compares their relative size in terms of number of total number of participants in October 2006 and in costs for the 2005-2006 fiscal year. From this table it is also obvious that these programs are the largest in terms of budget, and also have a considerable number of participants seeing the much more intensive nature of their services than other large program such as the NDDP. The New Deal for Young People is thus clearly meant for a clear target group being the unemployed youth. It also does not target the new entrants to the benefit, but those who have already been claiming a benefit for already six months.

Nevertheless, the standard definition of long-term unemployment being to be unemployed for 12 months or more9, the NDYP cannot be said to specifically target the long-term unemployed. In fact, it is targeted at preventing long-term unemployment of young people by fostering their return to work before they reach 12 months of unemployment. In addition, when the NDYP was implemented in 1998 it also had to tackle the group of young long-term unemployed who was already in the system for more than 6 months. Two years after its start, the program had managed to reach all of its young claimants in the stock and thus long-term unemployment has disappeared since then (White and Riley, 2002).

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9 This is the standard definition adopted by Eurostat as well as by the ILO (see Eurostat Key indicators on EU policy – Structural indicators – Social Cohesion: Long term unemployment rate; Methodological Summary; and, KLIM 5th Edition Ch. 10: Long-term unemployment, p.1). The OECD gives two separate values for Long-Term unemployment, that is to say, unemployment at 6 months and more as well as unemployment at 12 months and more (see Employment Outlook 2007, p. 267).
<table>
<thead>
<tr>
<th>Name</th>
<th>Start Date</th>
<th>Target Group**</th>
<th>Mandatory*</th>
<th>Main activities**</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Deal for Young People (NDYP)</td>
<td>April 1998</td>
<td>JSA claimants aged 18-24, claiming for &gt; 6 months</td>
<td>Yes</td>
<td>Job search assistance, work experience, training or general education</td>
</tr>
<tr>
<td>New Deal for Lone Parents (NDLP)</td>
<td>Oct. 1998</td>
<td>JSA of Bl claimants who are lone parent, whose youngest child is &lt; 16, and who are working less than 16h/w</td>
<td>No</td>
<td>Job search assistance</td>
</tr>
<tr>
<td>New Deal for Disabled People (NDDP)</td>
<td>Oct. 1998</td>
<td>IB claimants or claimants of other health related benefits</td>
<td>No</td>
<td>Job search assistance, most particularly job brokerage</td>
</tr>
<tr>
<td>New Deal 25 Plus (ND25plus)</td>
<td>Nov. 1998</td>
<td>JSA, claimants aged 25 and over, claiming for &gt; 18 months</td>
<td>Yes¹</td>
<td>Job search assistance and work experience, training program or basic education program</td>
</tr>
<tr>
<td>New Deal for Partners</td>
<td>Apr. 1999</td>
<td>Partners of those claiming JSA, IB, Caree’s Allowance, Severe Disablement Benefit or Pension Credit</td>
<td>No</td>
<td>Job search assistance</td>
</tr>
<tr>
<td>New Deal for Musicians (NDM)</td>
<td>Oct. 1999</td>
<td>Available to those on the NDYP and ND25+ as well as all unemployed aspiring musicians</td>
<td>No</td>
<td>Advice and Guidance</td>
</tr>
<tr>
<td>New Deal for people aged 50 and over (ND50+)</td>
<td>Apr. 2000</td>
<td>JSA, IB, Bl, IB, Severe Dis. Benefit or Pension Credit claimants aged 50 and over, claiming for &gt; 6 months</td>
<td>No</td>
<td>Job search assistance, in some cases training or voluntary work programs.</td>
</tr>
</tbody>
</table>

Sources: * Hasluck, 2000, p.72 **www.jobcentreplus.uk. Note: JSA= Jobseeker’s Allowance, IS = Income Support, IB = Incapacity Benefit. Notes: 1) The Intense Activity Period is not mandatory for those aged 50 and over, they can voluntarily participate in the ND50+. 160
Table 6.3: The relative size of the New Deal programs

<table>
<thead>
<tr>
<th>Program</th>
<th>Number of Participants in Oct. 2006 (in ‘000) *</th>
<th>Costs in 05-06 (in £’000) **</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Deal for Young People (NDYP)</td>
<td>90.83 With ND25+</td>
<td>322,623</td>
</tr>
<tr>
<td>New Deal for Lone Parents (NDLP)</td>
<td>53.13</td>
<td>26,023</td>
</tr>
<tr>
<td>New Deal for Disabled People (NDDP)</td>
<td>160.95</td>
<td>68,397</td>
</tr>
<tr>
<td>New Deal 25 Plus (ND25plus)</td>
<td>53.08 With NDYP</td>
<td>322,623</td>
</tr>
<tr>
<td>New Deal for Partners (NDfM)</td>
<td>3.29</td>
<td>690</td>
</tr>
<tr>
<td>New Deal for People aged 50 and over (ND50+)</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
</tbody>
</table>


Nonetheless due to the particular design of the New Deal program, participants in the New Deal are officially ending their claim for unemployment benefits and as a result they must file a new claim if not still unemployed at the end of the program (White and Riley, 2002; Riley and Young, 2000; Bodganor, 2004). With this new claim starts a new count-down towards long-term unemployment, and also a new edibility to the program. This means that some of the participants of the program are participating for a second or third time and thus are in fact long-term unemployed. This issue will be discussed in more details later on when benchmarking the process of the program. However, as has been stated by the Select Committee on Work and Pension in 2002, one third of the participants who joined the NDYP at that time was not doing so for the first time (SCWP, 2002, paragraph 55). Obviously, even though the program is not explicitly targeted at long-term unemployed youth with its eligibility date placed at a 6 months threshold, its design does create a situation in which a share of its participant is in reality long-term unemployed although this is not made visible.

On the other side, the long-term unemployed are explicitly the target group aimed for by the New Deal 25 Plus, which was actually initially called the New Deal for Long-Term Unemployed. Indeed, as can be seen in table 2, the New Deal 25 Plus is meant for those who have been
claiming the benefit for more than a year and a half, and aged between 25 and 49. Those aged 50 and above are exempted from the mandatory work-based activities and can therefore be excluded from the target group. Furthermore, lone parents are also excluded for both programs as a separate benefit, hence a separate New Deal program, is available to them (see table 2). The same applies to disabled persons.

Next, in the Netherlands, the target groups of the Work First projects vary from one municipality to the other. Table 3 shows the target groups of the project regarding first status and second aged groups. When Work First project were first introduced, the municipalities were much more focused on either preventing entry or increasing exit after entry into the benefit, this as a result of new financial incentives introduced by new national legislation. Their target group was thus not the long-term unemployed, but more those which presented a new claim. The objective was to in some case, preventing the entry into the system in the first place, or in other case, to make sure that exit would follow entry in the shortest period possible. The Work First Benchmark 2006 thus made a distinction between projects which were targeted only a new entrants, projects targeted only at those who already have been claiming the benefit for some time (thus part of the stock of unemployed in the scheme), and projects which included both new claimants and stock claimants). The project database does not allow determining for how long the stock claimants have been inside the benefit scheme, making it more difficult to classify this group as long-term unemployed with certainty. Nevertheless, evidence from Bunt et. al. (2007) indicates that in most cases, those stock claimants had been receiving a benefit for more than a year, in many cases for already many years. The second type of target group is based on age, notably whether the young are targeted or whether the program applies to all ages (no program was at that point targeting only older claimants).

Table 6.4: Target groups

<table>
<thead>
<tr>
<th>Status Target Group</th>
<th>Frequency in the 49 projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Only new claimants (inflow)</td>
<td>49%</td>
</tr>
<tr>
<td>- Only stock claimants</td>
<td>10%</td>
</tr>
<tr>
<td>- Both groups</td>
<td>41%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age Target Group</th>
<th>Frequency in the 49 projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Only young claimants (&lt;27)</td>
<td>18%</td>
</tr>
<tr>
<td>- No age specification</td>
<td>82%</td>
</tr>
</tbody>
</table>

From table 6.4 it is clear that while only a small proportion of the project are only meant for young claimants, the spread over the type of claimants according to status is bigger, with half of the project which are only meant for new claimants, 10% only for stock claimants and the remaining which are not targeting a group in specific. Other target groups, such as migrants / ethnic minorities or lone parents were not specifically targeted by the programs (Work First Benchmark Database 2006). Disabled persons claim another type of benefit and are therefore not part of the target group of the projects.

In Australia, the target group of the Working for the Dole program has changed over the years (see Yeend (2004) for an extensive coverage of the chronology of events around Work for the Dole up to 2004). When it was first implemented as a pilot in September 1997, the program was meant for the young unemployed aged 18 to 24, and the program was made mandatory for all jobseekers of that age group about a year later. In December 2000 the mandatory participation was expanded to include all jobseekers aged up to 39 years old, and was made voluntary of participation for those aged 40 to 49. With the introduction of the Active Participation Model in 2003, those aged 40 to 49 were obliged to participate in a Mutual Obligation activity for a reduced number of hours. However, the Work for the Dole was not the default activity of this program, which was the Community Work Program (Welfare to Work Budget Measures 2005-2006)\(^\text{10}\). Furthermore, even though separate benefits exits for young jobseekers aged 18 to 24 and those aged 25 and above, the Work for the Dole program only makes minor differences between these two groups, only concerning the number of hours of participation\(^\text{11}\) (FACS, 2008). The program can thus be said not to target any group in particular, except perhaps that it does not target those aged 39 and above.

Concerning the status of participants in terms of new claimants or long-term unemployed, the program is mandatory for participants who have been claiming the unemployment benefit for already 6 months, and claim the full benefit (do not have income form working part-time at a salary under the means-test) (FACS, 2008). This is similar to the status of the claimants of the New Deal for Young People in the UK, and thus cannot

\(^{10}\) The Welfare to Work reform which was in force from July 2006 onwards falls outside the scope of the benchmark since the data collected refers to the Australian fiscal year of 2005-2006, nevertheless, it is interesting to know that Work for the Dole has become also mandatory for those aged 40 to 49 since then (DEWR (2005) Welfare to Work Budget Measures 2005-2006).

\(^{11}\) See Benchmark 11 for number of hours of work required by the program.
be said to specifically target the long-term unemployed. However, as will be discussed later on in more details, this does not mean that the program is not also mandatory for long-term unemployed persons. Since the start of the program and its expansion to older age categories, many claimants who had been claiming the benefit for already more than 6 months were required to take part in the program. In fact, at the year ending June 2006, 67.3\% of the actual participants in the program were unemployed for 12 months or more, out of which 39.4\% were even unemployed for more than 3 years (DEWR, Labour market Assistance Outcome, Issue 22, p.21). Clearly, while the program does not target the long-term unemployed from the point of view of eligibility criteria, it surely does so when looking at the actual composition of the participants.

Also similar to the situation in the United Kingdom is that a separate benefit is available for lone parents with young children (Parenting Payment) as well as persons with disabilities (Disability Support Pension)\textsuperscript{12}. At last, one target group which could be relevant in the case of Australia are the indigenous. This group is however not particularly targeted by the program, as other employment programs which are complementary to the Work for the Dole are more specifically targeted at this group (see DEWR, 2000, Indigenous Employment Policy Evaluation, Stage One: Progress Report). In fact, only 7.4\% of the participants in the year ending June 2006 were Indigenous (DEWR, Labour Market Assistance Outcomes, Issue 22, p.21).

The Ontario Works program in Canada is simply targeted at all social assistance claimants. This thus means that it does not specifically target any particular group of claimant with regard to age. Naturally, those aged 65 and over are not required to participate in Employment Assistance measures (OW Act art. 27). Concerning the target group of the long-term unemployed, while this group is also not particularly targeted by the program, 42\% of the caseload as of March 2005 was unemployed for more than 12 months, out of which 23.8\% was unemployed for 25 months or more (FTP Directors of Income Support, 2006, p.81). Furthermore, similar to the situation in the other countries of the benchmark, those with a disability are part of a separate benefit, in this case the Ontario Disability Support Program (MCSS, 2008). Furthermore,

\textsuperscript{12} The Welfare to Work Reform which took effect in July 2006 has made considerable changes to the participation requirements of both Parenting Payment claimants and Disability Support Pension claimants. This reform however falls outside of the scope of the benchmark since the data collection refers to the year 2006 (ending in July 2006 for Australia). See DEWR, 2005, Welfare to work budget measures 2005-2006 for an overview of the reform.
while lone parents with child under school age are legally exempted from mandatory work (OW Act art. 27), lone mother with children attending school make-up an important part of the caseload (Evans, 2007). However, the precise effect lone-motherhood will have on the results cannot be clearly predicted, since this could be seen as both a barrier to work as well as an extra need to provide for financial resources for the family.

At last, the Temporary Job program in Switzerland is clearly targeted at long-term unemployed since these have already been claiming unemployment insurance for 2 years (Cantonal Law on Unemployment, art. 42). This program is available for those aged 25 and above because the young unemployed are targeted by another employment program, namely the Return to Work Internship (STARE). The legislation had intended the Temporary Job program to be mainly targeted at older workers close to pension age, and only available as a second choice to those aged 25 to 60 (Cantonal Law on Unemployment, art. 42). However, as discussed earlier, the slow implementation of the Return to Work Allocation (ARE), the subsidiary function of the Temporary Job for the younger unemployed has not been achieved (CEPP, 2002). This thus means that all age categories are making up the target group of the Temporary Job program.

Concerning the RMCAS benefit, it is unambiguous that this program targets the very long-term unemployed, as those eligible for the benefit have already been claiming a combination of unemployment insurance and unemployment assistance for already five years. A study by Flückiger and Vassiliev (2005, p.33) shows that the characteristics of the caseload of the RMCAS does not differ significantly from the caseload of the federal unemployment insurance. They also show that the age groups participating in the program are evenly spread, such that about 15% of the caseload is found in each one of the 5 year age-group between 25 and 55 years old. Furthermore, 33% of the caseload is of foreign nationality while 54% is classified as being “qualified”.

As explained in chapter 4, both of the target groups will receive a separate score from 5 to 1. Concerning the target group of young unemployed, it is clear that the New Deal for Young People had the strongest share of this group, and will therefore score a 5. Young unemployed were also a important share of the Work for the dole program in Australia, so both these programs will score a 4, and a score of 3 will be given to the Dutch Work First program target groups since young people also made-up a decent share of the participants. Similarly, the programs in Ontario and the RMCAS in Geneva did have a share of their participants which were
young, so they will score a 3. Both the ND25+ and the Temporary Job programs were only made-up of older benefit claimants, so they will score a 1 for this sub-indicator.

Benchmark 2: Input – Target Groups

<table>
<thead>
<tr>
<th>Benchmark</th>
<th>SUB-INDICATORS</th>
<th>Target group</th>
<th>Youth</th>
<th>Long-term Unemployed</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom NDYP ND25+</td>
<td></td>
<td>4</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>The Netherlands Work First</td>
<td></td>
<td>4</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Australia Work for the Dole</td>
<td></td>
<td>4.5</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Canada (Ontario) Ontario Works</td>
<td></td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Switzerland (Geneva) Temporary Job RMCAS</td>
<td></td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

With respect to the long-term unemployed, these clearly made-up the target group of three programs, the ND25+ and the two Geneva programs. Nevertheless, from the discussion in this sub-section, it is clear that while some groups are not explicitly targeted by a program, they can nevertheless make up an important part of the caseload. This is for example the case of the long-term unemployed as part of the New Deal for Young People. Surely, this benchmark strives not only to take into account what is being claimed by the policy-makers but also bring into light implicit, unintentional, or hidden effects. Consequently, the NDYP it will be considered to have a share of its participants being long-term unemployed. In Australia and Canada, a rather important part of the participants is actually claiming the benefit for quite a while such that a considerable part of the target group is in fact made-up of long-term unemployed. Because the long-term unemployed are not targeted by the Work First programs in the Netherlands, this group make-up only a small part of the target group, the smallest proportion of with respect to the other programs. As discussed in chapter 4, having a large part of the target group being long-term unemployed is expected to lead to lower rates of return to work, such that the ranks need to decrease as the number of long-term unemployed increase. Hence, the Work First
programs, with the smallest part of the target group being long-term claimant of the benefit, will receive a 5, and the ND 25+ and the two Geneva programs, being solely targeted at long-term unemployed, will receive a 1.

In order to obtain a composite indicator of the target group with respect to its barriers to join the labour market, the two indicators are averaged. This number will give the total benchmark with regard to the target group, in relation to expectations of high rates of return to the labour market. Benchmark 2 shows the rankings as discussed for each program.

6.3. Financial resources and incentives

The next input to be discussed concerns the financial resources of the programs. As explained in chapter 4, the budget values in this benchmark refers only to the spending on the services as part of the work-based employment program, and thus does not include the benefits which are given out to the participants. This is because the level of the benefit will be the subject of a benchmark later on (see Benchmark 5 in this chapter). By calculating the budget of the services of the program per participant, comparisons will be made more easily. In addition, besides only relating to the size of the budget, this input indicator also touches on the subject of financial incentives. In all country, the central government allocates the budget to the program in a way that can create financial incentives. Indeed, in some of the countries to be benchmarked, important incentives are related to the financing coming from the government to the program. Because this indicator relates only to the relationship between the government level that allocates the budget and the government level or agency receiving the budget for the program, only this higher level of incentives will be discussed. Other financial incentives, between the governmental level responsible for the program and the agency/contractor delivering the program will be discussed as part of the process indicators later on (see benchmark 8 in the next chapter). These two indicators of representing service budget per participants and financial incentive structure in government budget allocations will thus make up this financial benchmark.

In the United Kingdom in 1997, Gordon Brown presented its first budget as the new United Kingdom Chancellor of the Exchequer. In this budget, a £5 billion one-off windfall tax was raised on the excess profit of the privatisation of some 30 British utilities companies (Chennels, 1997). This tax revenue was then used to finance the new Welfare-to-Work reform and mostly went to directly finance the New Deal programs from 1998 to
Since the 2003-2004 budget, the New Deal programs have been financed through the general resources allocated to the Department of Work and Pensions (HM Treasury Budget 2007). Table 6.5 shows how the windfall tax was allocated between the different New Deal programs throughout the years.

Table 6.5: United Kingdom – Allocation of the Windfall Tax between programs and years, in million £.

<table>
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</tr>
</thead>
<tbody>
<tr>
<td>NDYP</td>
<td>50</td>
<td>200</td>
<td>310</td>
<td>500</td>
<td>240</td>
<td>260</td>
<td>170</td>
<td>1,530</td>
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<td>110</td>
<td>200</td>
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<td>150</td>
<td>770</td>
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<tr>
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<td>10</td>
<td>10</td>
<td>10</td>
<td>60</td>
</tr>
<tr>
<td>NDLP</td>
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<td>20</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>80</td>
<td>60</td>
<td>280</td>
</tr>
<tr>
<td>NDDP</td>
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<td>5</td>
<td>20</td>
<td>10</td>
<td>10</td>
<td>30</td>
<td>30</td>
<td>100</td>
</tr>
</tbody>
</table>

Notes: * In the 2003-2004 budget the windfall tax was depleted and further costs of the programs were financed through general government revenue going to the Department of Work and Pensions.


For the year 2005-2006, the budget for the New Deal for Young People and the New Deal 25 plus was £ 322,623,000 (Jobcentre Plus annual report 2005-06 (fiscal year starts in April)). Between May 2005 and May 2006, 111,100 persons started on the NDYP and 51,200 persons started on the ND25plus (DWP Quarterly Statistical Summary, Oct. 2006 and Aug. 2005). This would mean an estimated budget of £ 1,988 per person who started the program, which converts13 to €2,911 per participant per year. This figure is however not directly comparable to the budget indicators of the other programs since this includes much more services and provisions than only the mandatory work-based activities of the program. As will be explained later on in more detail, the New Deal programs encompass many different provisions and not only work-based employment activities. In fact, the first four months of the program consist of only job search assistance, which is called the Gateway. These types of provisions are not part of the programs in the other countries, as they are part of other provisions in the active labour market policies. What is also very unclear from this figure is whether this includes the costs of wage subsidies and allowances in for the work-activities (see benchmark 13 in the next chapter). All in all, this implies that the financial resource of €2911 is overestimating the costs of the employment program compared

13 The exchange rate used for the conversion is the average exchange rate over 2005 and 2006 in order to cover for the fiscal year. This is 1.46 £/ €. Source for exchange rate: OECD (2007). Main Economic Indicators.
to the other programs in the benchmark. Nevertheless, it should be mentioned that more than half of the participants leave the program within the Gateway phase in the first 4 months of the program, a phase in which the program offers much less extensive/expansive services than in the subsequent phases (Hasluck and Green, 2007, p.22). The overestimation of the costs might thus be less than proportional to the number of months spent in the whole of the program. Nevertheless, this figure – which is the best data available from reports and budgets – remains a rather unsatisfactory estimation of the costs of employment services per participant. This will be taken into account when ranking the New Deal programs later on.

The resources allocated to the Department of Work and Pensions from the general tax revenue are disbursed through two separate grants. The first one is the Departmental Expenditure Limit (DEL) and is planned and controlled on a 3-year basis. This budget includes spending on employment programs, including the New Deal since the depletion of the Windfall tax revenues in 2004. These DEL plans are strictly enforced and the department is expected to fund its activities within those limits, giving a strong incentive to control cost and maximize value for money (House of Commons Work and Pensions Committee, 2007, p.22). The other budget is the Annually Managed Expenditure (AME) and is used for paying out social benefits, as well as other types of expenditures where strict multi-year limits are not appropriate (House of Commons Work and Pensions Committee, 2007, p.22). However, savings in the AME budget coming from less benefits being disbursed cannot be then put to use in the DEL budget in order to fund employment programs. This funding arrangement results in strong incentives to minimize the costs of employment programs, but does not give direct incentives to minimize spending on benefits, since benefits fall outside the DEL grant. In financial terms, there is no link between the effectiveness of the employment programs and actual savings on benefits, since these budgets are disconnected from each other. Spending more on employment programs in order to save on benefits is therefore not a financial incentives given to the Department of Work and Pension, and considering the incentive to cut costs, a disincentive to innovate and invest in better, but more expensive provisions in the short run, program is even created.

This situation is quite the opposite in the Netherlands, as has already been discussed when benchmarking the objectives of the program. In fact, financial incentives make up an important part of the Work and Social Assistance Act of 2003 (WWB act). In this act, it is said that the municipal council will receive two separate grants from the general tax revenue of the central government for the implementation of the social assistance act.
One grant is assigned for the disbursement of the benefits to the claimants; it is called the income-grant. The other grant is meant for the employment services to be provided to the claimants, and is called the work-grant. The strength of the financial incentive resides in the fact that while unspent work-grants must be returned to the central government, income-grants which are unspent are not required to be given back and can be spend freely by the municipalities. This means that the municipality has an incentive to spend as much as possible of the work-grant as well as spend as little as possible of the income-grant. The calculation formula for the amount of the income-grants to be received by each municipality is then crucial for the appropriate working of the financial incentives. The work-grant is calculated using traditional practices of using historical budgets. On the other side, the income-grant is calculated based on the expected number of social assistance claimant in each municipalities separately, a calculation which is based on official socio-economic data. Hence, by decreasing of the inflow into social assistance and/or the increasing of the outflow out of social assistance, fewer resources will be needed than expected and a surplus on the income-grant will be created. This however requires an efficient spending of the work-grant in order to get the largest decrease in net benefit claimant using the amount of work-grant which is being allocated. It is thus clear that there is a strong efficiency incentive build in the budget allocation mechanism.

Since the financial reports of the municipalities to the central government only require showing aggregate levels of budgeting and spending for the total amounts of the grants, few municipalities keep track of the total costs of individual projects in such a way that it is possible to compare costs from one project to the other. This also means that the Work First Benchmark 2006 Database, which is the only database containing comparable information on a number of Work First projects, does not contain information on the total budget spend by all projects on work-based employment program on a national basis. One reason for this is that while most projects did not calculate the costs of disbursing the benefit to the Work First participants as part of the costs of the project, the projects that chose for giving a wage subsidy to the service provider did include those costs in their financial overview of the project in the Benchmark. This meant that the costs of the projects which worked with wage subsidies were incorrectly much higher than the projects that rewarded the participants with only their benefit. Furthermore, some projects in the Benchmark did not calculate the costs of training activities, while others did. In addition, some of the contacted-out costs included Value-Added Tax while others did not. Also important was the fact that many municipalities did not take into account the costs of some services.
they provided themselves, for examples counselling, while in cases where this service was contracted-out, it was then counted as a cost in the project. In the Work First Benchmark Rapport, Sol et. al. (2007) made recommendations for clear monitoring of the costs of individual provisions made by the municipalities in order to be able in the future to compare these internationally. A recent case study of 6 Work First projects by the Council for Work and Income (RWI) was also not able to gather information on the precise costs of the projects (see RWI, 2008, p.70 and 102), and confirms the difficulties faced by the Work First Benchmark 2006 to gather cost indicators.

Nevertheless, some information on costs is available from a study which focused on gathering in depth information on a small number of cases. This study by SEOR in 2006 looked at the use of incentives in Social Assistance programs. The six Work First projects they looked at had costs for the program (excluding benefits) of between €1,100 and €1,800 (SEOR, 2006, p.33). Since this is based on a very small sample of projects, totalling about 2400 participants, this indicator of the financial resources invested in the activities of the Work First projects will be used with great caution in this benchmark. Clearly, these costs find themselves much lower than the costs of the New Deal programs, but the figure from this UK program were also of poor quality in terms of estimating true costs and were most likely overestimated. As will be shown next, the figures from the Dutch Work First projects are much closer than the costs of the Work for the Dole program, and actually slightly higher.

The Work for the Dole program is financed out of Australian general tax revenue. The Department for Employment and Workplace Relations (DEWR) receives funding from the central government for both the paying out of benefits work working age persons, as well as for implementing employment programs. However, both these tasks are not directly accomplished by the department itself, but as will be discussed in benchmark 4 and 8, these tasks are delegated to Centrelink, a governmental agency. The accounting procedures of the Australian government makes a difference between expenses which the Department for Employment and Workplace Relations can control (departmental transactions) and expenses which are managed by an agency on behalf of the government (administered transactions) (Portfolio budget statements, 2005-2006, p. xii). Following this distinction, the department is only held accountable for the expenses it can control, which in this case thus does not include both the benefit payments and the Work for the Dole

14 Rotterdam, Amsterdam, Groningen, Veldhoven, Veenendaal, and RSD AOV (Alblasserwaard-Oost/ Vijfheerenlanden).
program, since these are delivered by Centrelink. The financial incentives within social security in Australia is thus very important, but it is arranged at a level lower than the level discussed here, through Business partnerships agreements between Centrelink and the department (see benchmark 8 in the next chapter). Hence, the extent to which the budget allocation between the central government and the DEWR contains financial incentives towards high efficiency and effectiveness can be said to be very low, since the department is not made accountable for tasks it delegates to Centrelink.

The Work for the Dole program is funded under the heading of Output Group 1.2 - Labour market program management and delivery. The total budget for the Work for the Dole program for the year 2005-2006 amounts to A$ 155,458,000, an equivalent per participant of A$ 1,784, or € 1,082 per participant per year (DEWR Annual Report 05-06 p.70-71). It is sure that this figure does not include the payments of benefit, since this is calculated under the heading of Output Group 1.1 - Working age payments (DEWR Annual report 05-06). The Work for the dole actually represents 0.8% of all expenses on working age benefits and labour market program which have been undertaken by Centerlink for the Department (ANAO, 2007, p. 30). Since it is clear that the figure for the spending on employment services per participants does not include benefits or any other services which would not count as being part of the work-based employment program, this is the most reliable estimate in the benchmark so far. As can be seen, it is also the lowest figure, which would be consistent with the expectation that the figures for the UK and the Netherlands are overestimating true costs of services per participant.

The incentive structure of the Ontario Works program is split between the 3 levels of governments which are involved in the finances of the program. Prior to 1996, the Canada Assistance Plan arranged for a 50-50 cost-share for social assistance with the provinces (Federal-Territorial-Provincial Directors of Income Support, 2006, p.6). Since this funding was based on costs, only modest incentives were given to the provinces to minimize expenditure. In 1996, a new financial structure was implemented that consisted of a block grant for health services, post-secondary education and social assistance (F-T-D DIS, 2006, p.7). In April 2004, this grant was further split up in two separate grants, one for health (the Canada Health Transfer) and the other one for post-secondary education, social assistance and social services (the Canada Social 

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15 The exchange rate used for the conversion is the average exchange rate over 2005 and 2006 in order to cover for the fiscal year. This is 0.61 A$/ €. Source for exchange rate: OECD (2007). Main Economic Indicators.
Transfer) (F-T-D DIS, 2006, p.7). The financial incentives coming from this new block-grant are much stronger, since the provinces have to supplement the funds to cover all expenses. Hence, the strength of this incentive is measured as being high in this benchmark, but not as high as what was found in the Netherlands with regards to calculating the level of the block grant.

At last, the costs of the employment assistance in the Ontario Works program for the year 2005-2006 was C$ 166,160,900 (Ministry of Community and Social Services Expenditure Estimates 2005-2006, p.7). Similar to the situation in Australia, this is excluding expenses for the benefits. This means an estimate of C$834 per claimant per year, or € 568 per claimant per year\textsuperscript{16}. However, in a situation similar to the one found in the United Kingdom, where not only the work-based employment program was included in the budget, but also other provisions which are available to the unemployed. This means that this figure most likely overestimates the true expenditure on employment services as part of the work-based employment program.

The costs of the Swiss program are much less available in detail, mostly since the program does not consist of much more than a benefit and a job placement. Since as mentioned earlier, the cost of paying out the benefits is not included in this benchmark, it is not possible to gather a cost figure for both the Temporary Job program and the RMCAS. In 2000, the Commission Externe d’Évaluation des Politique Publiques (2002, p.29) had calculated that the annual cost of the Temporary Job measure had cost CHF 50,000,000 (~ € 32,065,653)\textsuperscript{17} for the 1 210 participants in that year. This is however for the largest part to be attributed to salary costs, which are completely financed by the Canton government. The same is valid for the costs of the RMCAS, which are reported to be totalling CHF 25,904,000 (~ € 16,613,150) in 2005 for the 920 claimants (OCSTAT, T-13-3-03, 2008). Needless to remark that the Temporary Job program disburses almost twice as much as the RMCAS program, which already gives a good indication of the generosity of the benefits given out to participants (see Benchmark 4 on benefit level). These figures however, do not give an indication of the cost of the employment program itself, so these cannot be included in the benchmark.

\textsuperscript{16} The exchange rate used for the conversion is the average exchange rate over 2005 and 2006 in order to cover for the fiscal year. This is 0.68 C$ / €. Source for exchange rate: OECD (2007), Main Economic Indicators.

\textsuperscript{17} The exchange rate used for the conversion is the average exchange rate over 2005 and 2006 in order to cover for the fiscal year. This is 0.64 CHF / €. Source for exchange rate: OECD (2007), Main Economic Indicators.
Regarding the incentives, it is has already been discussed in Benchmark 1 how social insurance is being financed from the federal government and insurance funds, while the programs to be benchmarked are entirely financed out of the general revenue of the Canton. This gives a strong incentive to the Canton to focus on returning as many claimants as possible to the social insurance benefit. This can however be done only once, since the legislation does not allow a second period of Temporary Job (Canton Unemployment Law, art. 42). Of course a proper return to the labour market would be more efficient for the Canton since this person would then less likely come back after the second unemployment insurance period to claim RMCAS. Further financial incentives to achieve a high rate of return to the labour market are not present in the Canton, except for the savings on benefit expenditure similar to what every country experiences. Similarly to the other countries, other financial incentives are present but these are between the government and the body delivering the program, and will therefore be discussed in benchmark 8 in the next chapter.

The following benchmark shows these two sub-indicators with respect to the financing of the programs. The first one is the size of the budget for the employment services, converted per participant, per year, in Euro; and the second one is the strength of the financial incentives which comes with the handing out of the budget from the general government revenue to the government level responsible for the design of the program. Clearly, with respect to costs, the mentioned problems concerning the data on budgets for social security in general and work-based employment programs in particular means that comparisons based on the data collected must be made very carefully. The costs of the New Deal programs, the Work First programs as well as the Ontario Works programs should all be interpreted with caution. In the case of the New Deal and the Ontario Works, the estimations might include other types of provisions not part of the programs, and in the case of the Netherlands, the figure is based on a small sample of projects for which the representative nature is unknown. In addition, no data is available for the costs of the programs separate from the costs of the benefits. As a result, the benchmark will not be able to take this sub-indicator into account when comparing the input of the programs. This is very unfortunate since this type of information is crucial to measuring the efficiency of the programs. It is also a crucial part of what can be considered the input of a program, since financial resources are surely one of the major building blocks on which policy-makers will be able to base their choices when it comes to deciding the design and implementation of the programs. The lack of appropriate data for the comparison of financial resources...
allocated to work-based employment program participants in the countries taking part in the benchmark will therefore surely be a topic discussed in the conclusion of this benchmark.

Hence, the sub-indicator of the financial incentives within budget allocations will be making up this benchmark on the financial input of the programs. This however, cannot be seen as a proxy for measuring the financial resources of the programs, since high incentives for caseload reduction can easily go with small budgets, as is the case for Canada. This benchmark is thus now measuring the extent to which one can expect the department which is responsible for the program to have a strong focus on the return to work of employment program participants, in order to diminish caseloads and benefit financially from this. The rankings are shown in the benchmark on the next page.

As discussed in this sub-section, regarding the financial incentives which come along with the handing down of the budget to the relevant government level, the New Deal programs can be said to even have a negative incentives to invest in instruments to increase outflow, and will thus receive a score of 1. This is the opposite when looking at the incentive structure in the Netherlands, were municipalities can benefit largely from savings on benefits, so a score of 5 is appropriate. Since the Ontario Works is financed by a block grant from the federal government, which does not cover all costs, the province has the incentive to complement this grant as little as possible with its own recourse, meaning a score of 4 The Australia funding arrangements do not give any particular incentives to the Department of Employment and Workplace Relations with regards to diminishing caseload, since it is said to have no direct control on the program which is delivered by Centrelink and hence receives a score of 2.

The case of the Swiss programs in the Canton of Geneva is interesting because the Temporary Job program actually gives an incentive for the Canton to retain the participants in the project for the whole duration of the project, since they will then be “given back” to the federal unemployment insurance. The score will thus also be 1, similar to the situation in the UK where negative incentives were also present. The RMCAS is a rather expensive program but its financial arrangements do not give any other particular incentives to diminish caseload, other than achieving general savings, and will thus also receive a 2.
<table>
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<th>Benchmark</th>
<th>SUB-INDICATORS</th>
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<tr>
<td></td>
<td>Budget for employment services; per participant; in Euro</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>NDYP and ND25+</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>Work First</td>
</tr>
<tr>
<td>**</td>
<td>1,100 – 1,800 **</td>
</tr>
<tr>
<td>Australia</td>
<td>Work for the Dole</td>
</tr>
<tr>
<td>Canada (Ontario)</td>
<td>Ontario Works</td>
</tr>
<tr>
<td>**</td>
<td>568 *</td>
</tr>
<tr>
<td>Switzerland (Geneva)</td>
<td>Temporary Job RMCAS</td>
</tr>
<tr>
<td>**</td>
<td>N.A.</td>
</tr>
</tbody>
</table>

Notes: * Includes more than only work-based activities (Gateway period and Follow-up included in the UK, other employment assistance included in Canada); ** based on a small sample of 6 projects (total participants ~ 2400)

6.4. Division of responsibilities

The previous benchmark discussed how proper financial incentives at the macro-level can lead to an increased focus by the government on efficiency and effectiveness. In addition, the design of the social security system can also have an impact on the extent to which efficiency and effectiveness is being achieved by the work-based employment programs. First, the concentration of all tasks with regard to eligibility to benefits, benefit payments, and employment services within one organisation will have a positive effect on the efficiency of the programs. Second, the decentralisation of the delivery of the program will mean a better adaptation of the programs to the realities of the local labour market, which will also improve efficiency. These two sub-indicators will thus be measured in this section and will be averaged out to form this single indicator which represents an efficient division of responsibility within
the social security system and the delivery of the work-based employment program.

The design of the social security system in Great Britain is centralised and rather simple compared to that of many other countries. The Department for Work and Pension is responsible for the designing and monitoring of social security policies for the whole of Great Britain. The benefits and services are on their turn delivered by Jobcentre Plus, an agency of the department. Some level of local variation is allowed in the sense that the Jobcentre Plus are allowed to create partnerships private service providers in order to offer employment services which suit local needs, albeit within the national framework laid out by the Department of Work and Pensions.

This high level of centralization was partially fashioned by the Welfare Reform and Pensions Act of 1999. Prior to this act, the unemployed claimed their benefit at the Benefit Agency and were referred to the Employment Service for help in finding a job. The Benefit Agency was an agency of the Department of Social Security and the Employment Service as an agency of the Department of Education and Employment. However, the Welfare Reform and Pensions Act of 1999 incorporated the Employment Service and the Benefit Agency and other welfare benefits providers (such as Local Authorities) into one single point of contact. This meant that employers of either of the Benefit Agency or the Employment Service could take care of both the processing of a benefit claim and the initial intake for active labour market programs (work-focused interviews). Only later did these agencies truly merge to form one single agency, the Jobcentre Plus. In 2005-2006, there were 775 Jobcentre Plus integrated offices (Jobcentre Plus Annual Report 2005-2006, p. 13). The centralisation of social security and labour market policies was completed in 2002, when the Department of Work and Pensions was created. It took over all of the tasks of the Department of Social Security and the labour market tasks of the Department of Education and Employment.

The delivery of the New Deal for Young people is then done by 144 Unit of Delivery, a public-private partnership which is supervised by its own manager and falls under the supervision of the Jobcentre Plus of the region it is related to (Sunley, Martin, Nativel, 2001, p. 485 and Hasluck and Green, 2007, p.32). The New Deal 25 plus, as well as all the other New Deal programs, are delivered directly by the 775 Jobcentre Plus offices where the jobseeker claims its benefit (Hasluck and Green, 2007, p.50).
In the Netherlands, the Ministry of Social Affairs and Employment is responsible for the administration of social security in the country. Similarly to the Department of Work and Pensions in Great-Britain, it does not however directly deliver the social security provisions to the population. The task of monitoring, designing and delivering the social policies has been divided between several actors. The implementation structure of the social security system was radically altered in 2001 by the coming into effect of the Structure for the Implementation of Work and Income Act (the SUWI Act).

The act first created the Central Organisation for Work and Income which became the one-stop-shop for all social security benefits claims (the one-stop-shops themselves are named “Centre for Work and Income” or CWI). The Central Organisation for Work and Income has for task to offer appropriate vacancies to benefit claimants (social assistance or unemployment insurance claimants) and but also propose unemployed candidates for available vacancies. This is the job-broker task of the CWI. The Central Organisation for Work and Income also gathers and analyses information promoting the proper functioning of the labour market. Furthermore, it must advice the municipalities (responsible for the social assistance benefit) and the Social Security Agency (in Dutch: UWV, responsible for the unemployment insurance benefits) in how their “hard-to-place” beneficiaries can best be assisted in returning to the labour market. Moreover, the CWI evaluates the chances to return to the labour market of the job-seekers and researches the best way to increase this chance. It does so by initial intake interviews with the benefit claimants and also knowledge and competencies test can be used. This thus means that an important part of the profiling of the benefit claimant is done by the CWI before it is forwarded to the appropriate benefit deliverer.

The Social Security Agency, the UWV, is responsible for the implementation of the unemployment insurance benefit scheme, as set in the Unemployment Insurance Act of YEAR. Amongst other, the Structure for the Implementation of Work and Income Act of 2001 arranges that the UWV is responsible to promote the labour participation of the unemployment benefit claimants. Nevertheless, the act mentions that the delivery of provisions which promote the labour participation of the claimants should be done by private service providers.

The third implementing organisation of for social security in the Netherlands is the 443 municipalities. They are responsible for delivering the social assistance benefit to their residents as well as providing them with assistance in returning to the labour market policy. This also means
that the municipalities are the institutions which are responsible for the implementation of the Work First programs in this benchmark.

In Australia, the Department for Employment and Workplace Relations is responsible for benefits for the unemployed, including the Youth Allowance and the Newstart Allowance. Just as in the case of Great Britain and the Netherlands, this department however does not actually deliver benefits or services. Centrelink was created in 1999 and has the duty of determining eligibility, disbursing benefits to claimants and monitoring their progress towards returning to the labour market. The actual Active Labour Market provisions are all delivered by private providers commonly named the Job Network. The Work for the Dole is however delivered by “special” types of Job Network members, the Community Work Coordinators. In the whole of Australia, there are 115 Community Work Coordinators who are operating through 321 sites (ANOA, 2007, p.14).

The Canadian federal government is only involved in the partial financing of Social Assistance in Ontario, as discussed in Benchmark 3 earlier. The Provincial Ministry of Community and Social Services is responsible for the benefits and activation of Social Assistance claimants in the province. This Ministry has designed the Ontario Works program for all benefit claimants but has relegated the delivery of both benefits and services to 47 Delivery Agents (Ontario Works Regulations 135/98 and 136/98). These are either municipalities (the larger ones) or District Social Service Administration Boards (regrouping some smaller municipalities. Additionally, 110 First Nation bands are acting as Delivery Agents for their community (OW Reg. 135/98).

In Switzerland, the federal Unemployment Insurance Act (LACI) from 1982 created the Unemployment Insurance for the whole of the country. Article 85 and article 113 of this act however delegates the tasks of implementing active labour market policies to the Canton government, which on their turn delegate these tasks to a Regional Placement Offices. In the Canton of Geneva, the Regulation of Implementation of the Cantonal unemployment Law of 1984 therefore creates the “Cantonal Employment Office” as its Regional Placement Office. Within the Cantonal Employment Office, a special section, the Cantonal Measures Services, is responsible of those unemployed who have exhausted their right to unemployment insurance without having been able to find a job (OCE, 2008, website). As explained earlier, the most important of these services is the Temporary Job program. The benefits for these programs are being also paid out by this Cantonal Measures Services, who actually
takes over the whole file of the claimant from the Professional Insertion Service when the claimants has exhausted its rights to UI.

All Swiss Cantons are each responsible for their own Social Assistance schemes, and any other benefits for the unemployed falling outside of the federal Unemployment Insurance, such as the RMCAS. In the Canton of Geneva, the Hospice Général is responsible for the implementation of Social Assistance as well as the RMCAS (Law on Individual Social Assistance and Law RMCAS). It both will disburse the benefits as well as coordinate placements of claimants in their “mutual obligation” activity (Law RMCAS, article 32). In the years 1999-2000, the department of the Hospice Général responsible for the RMCAS counted 23.7 FTE, among which 16.8 FTE where dedicated for case-managers (Cunha, 2002, p.61).

In terms of concentration, it is thus clear that most countries actually combine the two main functions present within social security, that is to say, benefit payments (and eligibility determination) as well as employment services. Both these responsibilities fall under the tasks of the Jobcentre Plus in the United Kingdom, under the social affairs department of the municipalities in the Netherlands, under the Delivery Agents of the Ontario Works program in Canada, and under the Hospice General for the Swiss RMCAS and under the Cantonal Measure Service for the Swiss Temporary Jobs program. Only in Australia is there a split between the benefit disbursement functions and the employment services functions, where Centrelink is responsible for the former, and the Community Work Coordinator is responsible for the latter in the case of the Work for the Dole program. As a result, all programs will score a 5, except for Australia who will score a 1 for this sub-indicator.

The degree of decentralisation has to take into account the size of the country/province/canton in which the program is to take place, since smaller administrative units will require a smaller number of delivery agencies all other things being equal. Hence in order to say weather the 47 delivery agencies in Ontario are less or more decentralised than the 115 community work coordinators in Australia, one has to relate these numbers to the number of participants in the programs. Taking into account the number of participants in each program as a proxy for the total size of the target group to be reached, the following conclusions can be made (the number of participants in the programs will be discussed in more details in Benchmark 18). The New Deal for 25 Plus is the program which is the most decentralised since it is delivered by the 775 Jobcentre Plus which means that on average each Jobcentre Plus responsible for 25 participants in the work-based activities of this program. The NDISP and the Work First programs in the Netherlands then receives a 4 since both
average at 200 participants for each delivering agency, the Unit of Delivery of the ND25+ and the municipality for the Work First programs. The 115 Community Work Coordinators of the Work for the Dole take care on average of 750 participants, which then means that this programs scores a 3. Similarly, the RMCAS has only one delivery agency, the Hospice Général, but its target group is rather small and concentrated in a small area, so that its decentralisation level is comparable to what is found in Australia. At last, both the Canadian program of Ontario Works and the Temporary Job program in Geneva are the less decentralised. In Ontario, 47 delivery agencies share a large participant groups such that each agency is on average responsible for 2000 participants. The Temporary Job program is delivered by a single agency, and with its 1980 participants is very close to the Ontarian case with respect to decentralisation. Both Ontario Works and Temporary Job will thus score a 1.

### Benchmark 4: Input – Division of responsibilities

<table>
<thead>
<tr>
<th>Benchmark</th>
<th>SUB-INDICATORS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Division of responsibilities</td>
<td>Concentration</td>
</tr>
<tr>
<td>United Kingdom</td>
<td></td>
</tr>
<tr>
<td>ND25+</td>
<td>4.5</td>
</tr>
<tr>
<td>Work First</td>
<td>4.5</td>
</tr>
<tr>
<td>The Netherlands</td>
<td></td>
</tr>
<tr>
<td>Work for the Dole</td>
<td>2</td>
</tr>
<tr>
<td>Australia</td>
<td></td>
</tr>
<tr>
<td>Canada (Ontario)</td>
<td>3</td>
</tr>
<tr>
<td>Ontario Works</td>
<td></td>
</tr>
<tr>
<td>Switzerland (Geneva)</td>
<td>3</td>
</tr>
<tr>
<td>Temporary Job</td>
<td>4</td>
</tr>
</tbody>
</table>

### 6.5. Benefit level

The logical next step after discussing the institutional-level inputs in the programs is to look at the inputs of the program from the perspective of the claimant. That is to say, while the first four input-indicators will help to explain why the government or the delivering agency will reach certain result with its program, the next 3 benchmarks will show the carrots-and-

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sticks of the inputs on an individual basis. In other words, this next benchmark will thus only discuss the type of benefits which are associated with the work-based employment program. Benchmark 13 in the process chapter will discuss in detail the specific rewards which are given to participants of the program. As discussed in chapter 4, the link between the incentives to find work and the level of the benefit is not easy to make. This is because a U-shaped relationship with benefit levels and exit to work can be expected, where a too low benefit will actually act as a deterrent to look for work. This fact should be kept in mind when measuring the benefit level in each country, and will come back when specific rankings will be made at the end of this subsection.

In the United Kingdom, unemployed persons of working age who are able to work (not disabled, not lone parent with youngest child under 16 years old) claim the Jobseekers’ Allowance (JSA). This benefit is composed of two parts, the first one which is based on contributions to the National Insurance scheme and the second one, which is income-tested. The contribution-based JSA is only available for a maximum of the first 6 months of unemployment, and is thus defined as unemployment insurance. This insurance benefit is not available for those with not enough contributions, who then must from the start claim the income-tested benefit, defined here as social assistance. This split between the two types of eligibility criteria also means that one might not be eligible for the JSA after a 6 month period if their income level is higher than the minimum threshold, while this income-test is not part of the contribution-based benefit. Since participation in the NDYP is only mandatory after 6 months, and ND25plus after 18 months, all New Deal participants receive the income-based part of the JSA.

The income-test entails that income is less than the maximum benefit level. The actual amount payable is the difference between the income of the person and the maximum benefit. Both the contribution-based JSA and the income-based JSA are a flat-rate benefit of the same amount, of £46.85 per week for single persons aged between 18-24 and £59.15 per week for those 25 and above (Jobcentre plus, 2008 (webpage)). The equivalent per year, in Euro is € 3,567 and € 4,503 respectively. The income-based Jobseeker Allowance has an unlimited duration, as long as claimants keep on matching the eligibility criteria.

In the Netherlands, the Social Assistance benefit is a means-tested benefit. It is thus available for those with an income under the benefit threshold. In addition, assets also have to be under € 5,180 for single persons and

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8 See footnote 8 on exchange rate used.
€10,360 for a family, while home-owners can have as much as €43,700 in assets (amounts valid for the year 2006, Ministry of Social Affairs and Employment (MinSZW), 2005, persbericht 05/214). The level of the social assistance benefit is set in relation to the net minimum wage, that is to say, 50% of the full-time net minimum wage for a single childless person, 70% for a lone parent, and 100% for a couple (MinSZW, 2005). In the year 2006, the maximum benefit thus amounts to € 7,207 per year\(^{19}\) for a single childless person, € 10,090 per year for a lone parent and € 14,414 for a couple (MinSZW, 2005). Since the minimum wage is lower for those aged 18-20, so is their benefit level, which then amounts to € 2,490 per year (MinSZW, 2008). The actual benefit payable is the difference between income and the maximum benefit level. This benefit is payable unlimitedly, so long eligibility criteria are satisfied.

As already explained in benchmark 1, all unemployed persons in Australia must claim a means-tested Social Assistance benefit. Similar to the other countries, this benefit has no time-limits. Two separate benefits exists for those able to work, the Youth Allowance\(^{20}\) for those aged 16-20 and the Newstart Allowance for those aged 21 and above. The amount of benefit to be received is the difference between the income-test and the maximum benefit level. For Youth Allowance recipients, this level maximum level was for 2005-2006, all per fortnight: single A$ 355; with children A$ 465; couple no child A$710 (benefits are lower if still living with parents) (Social Security Guide 5.1.1.10/20). For Newstart Allowance, the maximum benefit level is: single A$ 429, single with child A$ 464; couple A$775. For a single person, this translates\(^{21}\) to € 5,597 per year for a YA claimant and € 6,763 per year for a NSA claimant.

The income-test used to determine eligibility and the amount payable is rather complex since it involves a taper on earned income. Calculated per fortnight, the taper includes a A$ 62 free area, then a 50 cent in the dollar taper on income between A$ 62 to A$ 142, a 70 cent in the dollar for income above A$ 142, and, a 70 cent in the dollar taper for the partner income free area if the benefit is claimed jointly. This thus means that

\(^{19}\) Including holiday-pay of 4.9%.

\(^{20}\) Actually referred to as Youth Allowance (other), since this benefit is also available for other groups such as students. The proportion of Youth Allowance (other) as part of the total Youth Allowance claimants was 21.5% in 2005-2006 (DEWR, Annual report 2005-2006, p.33). For the sake of legibility, this text with use Youth Allowance to refer to Youth Allowance (other), unless otherwise mentioned.

\(^{21}\) For exchange rate see footnote 10.
claimants can have a total income which is quite above the maximum benefit level if they have income of their own. Box 1 shows how this taper influences total income for a single person claiming Newstart Allowance. It should however be noted that claimants who have some earnings from a part-time job are actually exempted from participating in the Work for the Dole programs. The benefit levels mentioned in the previous paragraph will thus be the benefit which Work for the Dole participants will be receiving.

**BOX 1 Taper and Income Test in Australia**

- Income Test Free area: A$ 62 a fortnight,
- 50 cent in the dollar taper for income over A$ 62 a fortnight, and up to A$142,
- 70 cent in the dollar taper for income above A$ 142.
- 70 cent in the dollar taper for partner’s income over partner income free area*

For a single person:

<table>
<thead>
<tr>
<th>Earnings</th>
<th>Income Test</th>
<th>Benefit</th>
<th>Earnings + benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>429</td>
<td>429</td>
</tr>
<tr>
<td>62</td>
<td>0</td>
<td>429</td>
<td>491</td>
</tr>
<tr>
<td>65</td>
<td>1.50</td>
<td>427.50</td>
<td>492.50</td>
</tr>
<tr>
<td>142</td>
<td>40</td>
<td>389</td>
<td>531</td>
</tr>
<tr>
<td>145</td>
<td>42.10</td>
<td>386.90</td>
<td>531.90</td>
</tr>
<tr>
<td>200</td>
<td>80.60</td>
<td>348.40</td>
<td>548.40</td>
</tr>
<tr>
<td>697.71</td>
<td>429</td>
<td>0</td>
<td>697.71</td>
</tr>
</tbody>
</table>

The earning Threshold for single persons is thus A$ 697.71 (~ € 423.06), while the maximum benefit is A$ 429.

* amount of the partner income free area depends on whether he/she is in receipt of Income Support or not and the type or income support.

The Ontarian Social Assistance benefit also has a taper system in having which some earnings does not proportionally diminish the level of the benefit. For a single person, C$ 143 can be deducted from earnings from employment as well as 25% of earnings above C$ 143 in the first 12 months in which earnings from employment are being made while claiming SA, and 15% in the 13th to 24th months in which earnings are made (corresponds to situation in 2005-2006) (Ontario Works Regulation 22

Income free area for couple = C$ 249, for single parent = C$ 275. Taper is the same.
However, these deductions cannot be used to lower the eligibility threshold at the moment of the initial claim, nor for the first 3 months of claim (see art 49(3) of the Ontario Works Regulation 134/98). This means that a person who has income from work cannot use the deductions in order to become eligible, and has to have total income under the eligibility threshold. This was not the case in Australia. Moreover, deductions for the costs of child care are allowed, for up to C$390 per month for a child under six and C$346 for a child aged six to 12 (OW Reg. 134/98 art. 49(2)). This deduction is also allowed at the point of making a claim and in the first 3 months of the claim.

Similar to all other programs so far, the amount payable is equal to the difference between the (net) income of the person and the budgetary requirement of the person. The budgetary requirements consist of two parts: basic needs and shelter costs. Basic needs cover the costs of food, clothing and personal needs, and are based on the size of the benefit unit and the age of children (F-T-P DSL, 2005, p. 76). Shelter costs are based on the number of persons in the benefit unit, and are the lowest of either the actual costs for shelter or the maximum amount set by regulation (F-T-P DSL, 2005, p. 76). Basic needs are set at C$ 195 a month for a single person, C$ 390 for a couple, and C$ 446 for a single parent with a child aged 0-12 years old (OW Reg. 134/98 art. 41(1). The regulation also specifies that if a health professional certifies that a person in the benefit unit requires a special diet, a supplement of up to C$ 250 can be allocated. The shelter costs are maximum C$ 325 for a single claimant, C$ 511 for a benefit-unit of two people, and C$ 554 for a household of three (OW Reg. 134/98 art. 42(2)). The precise amount of benefit will thus vary greatly according to the needs of the claimants, the age and number of person he/she claims for, and other special circumstances such as child care expenses, income from work or special dietary needs. In general, a single person with no income from work will receive the equivalent of C$ 6,240 per year, converting to € 4,247 (Audit report, p.23). A single parent will on the other side receive C$ 11,484, equivalent to € 7,815 (Audit report, p.23). Nevertheless, yearly total income can be higher by € 1.168 and 25% or 15% of earnings from work for a single person, which also can be supplemented by € 2,042 if a special diet is required for health reason. On the other side, if shelter costs are lower than the maximum amount allowed by the regulation, benefits will be lower.

The case of the benefits in Geneva is much more straightforward. For the Temporary Job, no benefit is disbursed but rather a salary which is fully paid from the Canton general revenue. Eligibility is based on past contributions since one must have been claiming Unemployment Insurance in order to take part in the program. This means that this
benefit is contribution-based, and it is as well not means-tested. This makes this benefit more like an Unemployment Insurance, although the benefits are not paid from the fund to which one contributed. Since it is not means-tested, it cannot be defined as Unemployment Assistance. The benefits (in fact, salary) are also limited to 12 months, as this is the necessary time for having enough contributions to be able to claim federal unemployment insurance. The level of the benefit is actually varying case per case, and equal to the benefit which was received while claiming federal insurance, but should be between CHF 3,300 and CHF 4,500 per month (Canton Unemployment Law art. 40 and 43). This is equivalent to € 25,392 to €34,630 per year. The benefit for the RMCAS is on the other hand income-tested, and income should be less than the benefit level (Law RMCAS, art. 4). The level of the payment is the difference between the income of the claimant and the maximum benefit level (Law RMCAS art. 14). This maximum benefit level is for single persons, CHF 14,143 per year, for two persons CHF 20,648 per year which respectively amounts to € 9,070 and € 13,238 (Law RMCAS art. 3 and FAO vol. 250 no.148, 20/12/2002). The duration of the benefit is unlimited, however, it is allocated for a period of 12 months and should be renewed yearly (Law RMCAS art.12).

Summing up this benchmark, it is clear the Temporary Job program is an outlier in the benchmark. By offering a salary which is equal to previous unemployment insurance benefits, it clearly is the most generous program in the benchmark. What is maybe less expected is the relatively generous benefit in Australia, which is close to the benefit level in the Netherlands. As mentioned in Benchmark 1, this can be explained by the absence of a social insurance scheme, for which this relatively high level of benefit can partially compensate. The two other Anglo-Saxon welfare regimes in the benchmark clearly have the lowest benefit levels, although as mentioned earlier the Ontarian benefit can be supplemented by income deductions, which is not the case in the British benefit scheme. Taking into account these deduction would bring the Ontarian benefit more than 1,000 Euro per year above the British benefit, and thus closer to the Australia benefit level. Nevertheless, earnings deductions will not be taken into account in this benchmark since being involved in part-time work means that the individual will be exempted from mandatory participation in work-based activities. Hence, participants in work-based employment programs will only receive the standard benefit level. Also it should be noted that in order to simplify this ranking, the benefit level for single person will be used, even though different benefit levels exist in most country for single parents or for couples with or without children.
Not taking into account the discussion in chapter 4 on the adequacy of the benefit level with respect to poverty and financial insecurity, the highest rank would be given to the Canadian and the United Kingdom benefits, since these benefit are very close to each other at around 4,500 Euro per year for a single adult. The Australia and the Dutch benefits would then receive a score of 4 since these are found at around 7,000 Euro per year for a single adult. A rank of 3 would then be given to the RMCAS program which gives around 9,000 Euro per year to its claimants. The lowest rank would go to the Temporary job program, where salaries represent almost three to five times what is given out in the other countries. However, taking into account the definition of extreme poverty which is set at 40% of median disposable income in each country, a different picture emerges. According to calculations by Nelson (2008) on the adequacy of social benefit using data from the Luxembourg Income Study, the Ontario Works benefit only provides about 30% of median disposable income. This is far under the threshold defined earlier, and thus can be implied to lead to barriers in finding a job. The rank of the Canadian program will thus be changed from a 5 to a 4. All other benefits were shown by Nelson to provide at least 40% of median disposable income, so the other ranks in the benchmark will not be altered.

Benchmark 5: Input – Benefit level

<table>
<thead>
<tr>
<th>Benchmark Benefit Level</th>
<th>United Kingdom NDYP and ND25+</th>
<th>The Netherlands Work First</th>
<th>Australia Work for the Dole</th>
<th>Canada (Ontario) Ontario Works</th>
<th>Switzerland (Geneva) Temporary Job RMCAS</th>
</tr>
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<tbody>
<tr>
<td>5</td>
<td></td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>1</td>
</tr>
</tbody>
</table>

23 Nelson (2008) calculated the adequacy rate for the Income Support benefit in the UK instead of the Jobseekers Allowance, but both these benefits have the same level, so calculations based on the Income Support benefit can also be valid for the JSA benefit level. He also looked at Social Assistance in Switzerland, which is much lower than the benefits in this benchmark.
6.6. Activation Conditions

Eligibility criteria for social security benefits are nowadays not only based on income levels, assets, or contributions. This has been discussed in chapter 3, which demonstrated that all countries require some form of active participation from the part of the claimants in order to be eligible to a benefit. These activation conditions as defined in the legislation are benchmarked as an input, since they are put in place in order to facilitate the implementation of the mandatory work-based programs.

Activation conditions can be divided amongst four types of requirements: 1) job availability and acceptance requirements, 2) job search requirements, 3) participation requirements, and 4) requirements to sign an “activation” contract. These conditions can be laid-out directly on the claimants, in articles stating that these conditions are a basis for eligibility for the benefit. However, these conditions can also be laid-out in an indirect manner, through the sanctioning mechanisms which are found in the social security legislation. This would be an indirect condition since it is not stated in the law that one must act a certain way, while on the other hand it is sanctioned not to do so. For example, a direct condition would be that an article would state that claimants must look for work, while an indirect condition would be that sanctions are applicable if a claimant does not look for work. While in some countries the sanctions are always directly based on the direct conditions found in the law, other countries base some conditions only on the fact that a sanction applies for a certain requirement.

The legislation for most the programs require claimants to be available to take-up work (or similarly, accept a job offer), except for the programs in Geneva where there is no mention of this condition. In the UK, claimants must be “available immediately any employment, and for at least 40h/week”, making some exceptions for carers and those who can demonstrate that restricting their availability does no impair their chance to find work (Jobseekers’ Allowance Regulations 1996, art. 7).

In the Netherlands, claimants are also obliged to accept work, which is defined as “generally accepted work”. This definition was made broader in the Work and Social Assistance Act of 2003 than the previous definition which only required claimants to look for “suitable work”, and thus making the condition much more strong towards activation (Bruttel and Sol, 2006, p.81). The only group exempted from this requirement are lone parents of children younger than 12 years old for whom no guarantee can be made on day-care facilities or appropriate schooling for the children (WWB Act, art. 9(4)). Furthermore, the WWB Act also mentions that
individuals, on the ground of urgent reasons, can nevertheless be exempted by the municipality from the duty to accept (and look for) employment. Additionally, the municipal by-laws which are drawn by each municipality can make other exceptions to the rule and also excluded some other categories of claimants from the obligation to look for work (as well as to accept work and to participate in employment services on a mandatory basis). These groups will vary from municipality to municipality, and can include for example the homeless, those with severe addition problems, or those aged above a certain age.

The Australian definition of the type of work to be accepted is initially also very broad. The Social Security Act states that there is an obligation to be willing to undertake paid work. However, this definition is later on restricted to mean “other than paid work which is unsuitable for the person” (Social Security Act art. 601(1)). The type of work which can be unsuitable is later on listed, and there it can be seen that this list is quite limited, containing work for which the person lacks skills and no training is available, cases where the person is the principal carer of a young child and no childcare is available, work which present health risks, work which may lead to the worsening of a medical condition, as well as work for which commuting would be difficult or would require a person to move (see in context of Australia as a large country with isolated areas) (Social Security Act art. 601(2A)).

The Ontarian government also requires claimants to accept work, stating that claimants must make reasonable efforts to accept and maintain full-time, part-time or casual employment for which he or she is physically capable. This is the only country that explicitly mentions that part-time and casual employment is part of the definition of work to be accepted. Only physical barriers can mean that a certain job could be refused. Moreover, it is made explicit that those already in part-time work must make reasonable efforts to seek, accept and maintain employment (for which he/she is physically capable) and that would increase income from employment (OW Reg. 138-98 art. 28 (2) and (3)).

Regarding the requirement to be looking for a job, all five legislations contain requirements for the participants. In the UK, the conditions regarding the requirement to be actively seeking employment are defined as taking such steps as can be expected to have to take in order to have the best prospects of securing employment. The Jobseeker’s Allowance Regulations 1996 specifies that at least 3 steps per week must be undertaken, such steps being further listed in the regulation and including for example making a curriculum vitae, making a list of potential employers and replying to a job advertisement. Only one or two
steps may also be undertaken providing this is all that is reasonable to expect considering certain conditions. In the Netherlands, the obligation to look for generally accepted work is supplemented by the obligation to register as a jobseeker at the Public Employment Service (the Centre for Work and Income, CWI) (WWB Act, art.9).

The CWI will then proceed to job brokerage, and thus look whether the claimant could perform a job which is found in its database. Together with the job availability condition, this thus means that the jobs offered by the Centre for Work and Income must be accepted by the unemployed who is claiming social assistance. Here again, the definition was broadened when the act took effect in 2004, from “suitable work” to “generally accepted work”.

The Australian claimants are also required to be actively seeking work. The definition of work is the same as the one regarding the type of work to be accepted, with the same exceptions regarding unsuitable work as mentioned above. The Ontarian legislation is the only one not having a direct requirement on job search, except for those who are already in employment. While “every participants who is employed shall make reasonable efforts to seek, accept and maintain employment […] that would increase his or her income from employment”, the requirement on “every participant” is that they “shall make reasonable efforts to accept and maintain […] employment”. Nevertheless, most claimants are still indirectly required to look for work through their required participation in Employment Assistance, which includes job search and job support services and other type of job search assistance (Ontario Works Regulation 134/98 art. 26-29). In the Canton of Geneva, the Regulation on the implementation of the law on Unemployment requires participants in the Temporary Job program to continue job search conform to directives of their case-manager (Regulation J 22001 art. 45). Those claiming RMCAS are required by the law to actively take steps towards finding work (Art. 12).

The third activation condition regards participation in employment activities. Only in the Netherlands, Ontario and Geneva is there a direct obligation laid-out on the claimants to participate in employment activities, which is thus stated in the Act as a criteria for eligibility. In the Netherlands, the WWB Act states that there is an obligation to make use of the services offered by the municipal council (WWB Act, art. 9). These “services” obviously can also include work-based employment programs or other type of activities which would increase the chance of a person to return to the labour market. The Ontario Works legislation also makes eligibility to the benefit conditional on participation in one or more
Employment Assistance activity, which includes Community Participation as well as other employment measures such as job search assistance and training activities (OW Act art. 7(3) and OW Reg. 134/98 art. 27). Exemptions from participation is given to sole support parents with at least one dependent child under school age, caring for a disabled, ill or old age family member, is 65 years or older, or is in exceptional circumstances (art. 27(2)). The programs in the Canton of Geneva also have direct participation requirements. For the Temporary Work program, this is inherent to its design since the whole program is meant to give a job to a person which will allow him/her to claim unemployment insurance upon completion. Article 49 of the Regulation on the implementation of the Unemployment Law states that the claimant must be immediately available for the job and cannot refuse the job which is being offered by the program. Lastly, the RMCAS also directly obliges the claimants of the benefits to participate in activation activities, by making the taking part in a “mutual obligation” (contre-prestation) activity mandatory for all claimants (Law RMCAS, art. 27). However, this obligation is only “in principle”, which leaves the way open for interpretation on how this obligation should be implemented. This will be discussed later on in the benchmark of the process of the program. Here it is enough to conclude that such an obligation “in principle” leaves more room for interpretation than what is found in other countries.

In the UK and Australia, no direct requirements in the eligibility criteria can be found regarding the participation in employment measures. This however does not mean that these requirements do not exists, as they are indirectly placed upon participants through other requirements. In the UK, claimants of the Jobseeker’s Allowance are facing a sanction if failing to be available or participating in an employment scheme. Since this sanction is possibly temporary, this means that not complying with this condition has less severe impact than when it is part of the eligibility criteria of the program. More will be said on sanction in the next benchmark. Finally, the Australian legislation also does not base eligibility on participation criteria, but it does require the participant to sign a contract in which activities to be undertaken by the participants are agreed upon (Social Security Act art. 606(1) and 544B(1) and 541A(e)). These activities include job search requirements, but also participation in employment programs, and can thus also require participation in Work for the Dole. A more direct requirement is made upon those claiming Youth Allowance (thus aged under 21 years old), as it is directly mentioned that for these claimants, the Activity Test cannot be taken to be
satisfied if failing to participating in Work for the Dole. The Activity Test is part of the direct eligibility criteria of the Youth Allowance. Such a specification is however not present in the NSA legislation.

The last basic requirement to be looked at is the requirement that the claimants enter in a contract with the government on its rights and duties. In the UK, this requirement is laid by the Jobseekers Act of 1995 by the obligation to enter a Jobseeker’s Agreement as one of the main eligibility criteria. The Jobseeker’s Agreement contains the agreements on the availability to work and the steps to be taken towards finding work. This agreement is drawn during a mandatory “Work-focused interview” in which all claimants must take part in order to claim a benefit. This Jobseekers’ Agreement thus does not only apply to New Deal participants but to all JSA claimants, including those who are outside of the NDYP and ND25plus target groups.

This situation is similar in Australia, where both Youth Allowance recipients and Newstart Allowance recipients are required to sign a participation agreement order to be eligible to make a claim (Social Security Act 605(4) and 544A(5). This Activity Agreement is signed between the claimant and the Secretary of the Department of Employment and Workplace Relation, and “is to require the person to undertake one or more activity that the Secretary regards as suitable for the person” (Art. 606(1) and 544B(1)).

Also similar to the case of the United Kingdom and Australia, the Ontario Works legislation requires all claimants to take part in a Participation Agreement in order to be eligible for social assistance benefits (OW Reg. Art. 18). Furthermore, the article states that not only the claimant of the benefit but also its dependant spouse must be included in the Participation Agreement. Similarly in the UK, couples with no children are required to make a joint-claim for Jobseeker’s Allowance, in which both are required to satisfy all activation conditions. In the Netherlands, no requirements to sign a contract are laid in the Dutch national legislation on Social Assistance. However, municipal councils can issue by-law in which such a requirement could be made. This will mean that while on the basis of national law a claimants would not be required to sign a contract in order to claim social assistance, this might still be the case based on municipal by-laws, which complement the national WWB Act. These is however at this point no data available on the Work First projects regarding whether municipal by-laws would oblige participants to sign a contract (neither in the Work First Benchmark Database not in more detailed case-studies by SEOR, 2006, or the RWI, 2008).
Nevertheless, what is important to know concerning the Dutch projects is that about a quarter of them actually provide a regular job to the participants, which then will be hired by a private employment service provider and thus receive a salary. So indirectly, these participants are required to take part in a contract, in the form of an employment-contract. This situation is similar for participants in the Temporary Job program in the Canton of Geneva. They are officially hired by the government and thus must sign an employment contract with the Canton in order to be eligible for the program (Regulations on the implementation of the Cantonal Law on Unemployment, art. 47). However, unlike it is the case in the Netherlands, participants are not to be considered employees in the sense of the Employment Protection Laws (art.47(2)). Participants in the RMCAS also must sign a private law contract between them and the Hospice Général, the public institution delivering the benefit in the Canton (Loi RMCAS). This contract is however not an employment contract since no salary is being paid out. This contract is therefore similar to the one found in the UK, Australia and Canada.

One important note needs to be made at this point concerning the case of the New Deal programs of the United Kingdom and about a quarter of the Work First the projects in the Netherlands which are included in this benchmark. As mentioned in Benchmark 1, in the New Deal programs those participating in the work-based phase of the program (called the Options or Intense Activity Period) do not officially receive the Jobseeker’s Allowance anymore, but receive a training allowance equal to their benefit, or a wage. Because they are officially not claiming the JSA benefit anymore, the requirements in terms of rights and obligations found in these laws does not apply to them. The same applies for projects in the Netherlands where Work First participants are actually employed by private service providers and thus receive a regular salary. These participants are then not claiming Social Assistance anymore, and the rules of that scheme therefore do not apply to them anymore.

Nevertheless, in the UK, the NDYP Options participants and the ND25+ IAP participants are not completely removed from any legal obligations. Several Statutory Instruments have linked the sanctioning regime of the Jobseekers’ Allowance to the New Deal options and IAP, most

24 See Benchmark 13 for type of rewards and Benchmark 12 for type of work environment.
25 The different phases of the program will be presented later on. At this point, it is necessary to know that the New Deal programs first consist of a Gateway stage, lasting 4 months, which is only then followed by work-based activities (called The Options or the Intense Activity Period).
particularly the Social Security Amendment (New Deal) Regulations of 1997 concerning the NDYP and the Social Security (New Deal Pilot) Regulations of 1998 concerning the ND25plus. The sanctioning mechanisms for the Jobseeker’s Allowance claimants are arranged by Section 19 of the Jobseekers Act of 1999. This Section states that even though the basic eligibility conditions are met, certain circumstances make that the allowance is not payable. The relevant circumstances for the New Deal participants relate to the participation in employment programmes or training schemes. In situations where the claimant has refused or failed to carry out any jobseekers’ direction which was reasonable, has refused or failed to participate in a training scheme or employment programme which was offered by an employment officer, or has lost a place on such schemes or programmes through misconduct, a sanction will thus apply. The above mentioned Regulations included the NDYP Options (all four) as well as the IAP stage of the ND25plus in the definition of employment program. Sanctions are part of a separate input indicator and will be discussed next. In the Netherlands, such as link between the participants who receive a salary and the benefit scheme also exit through sanctioning mechanisms. If one refuses to participate in one of these projects, one is also not eligible to claim social assistance.

Thus in both case of the New Deal programs and the “regular employment” Work First programs in the Netherlands, no other activation conditions can be laid on the participants, besides participation requirements. In the case of the programs where the New Deal participants are hired by private employers and in the Dutch cases, employment protection legislation further regulates the relationship between the rights and duties of participants and employers. This will most likely not include similar activation requirements as in the other types of agreements. This might also mean that slightly more protection is offered to participants, such as for example longer period in which one cannot be fired. See benchmark 20 on the labour law context as part of the external factors benchmark for more on the level of employment protection legislation in those two countries. See also box 2 on the next page for an example of the differences between sanction legislations within the social security scheme and the employment protection legislation within labour law for the Netherlands.
Box 2: The Netherlands – Employment Protection Legislation versus Sanctions

Employment Protection legislation is considered an external factor in this benchmark since it plays a role outside the direct realm of work-based employment programs in most countries. However, in the Netherlands, 24% of the projects which took part in the Work First Benchmark 2006 actually provided a regular job to participants. This meant that these participants were receiving a regular salary under a regular employment contract between them and a private service provider. This has important influence on the type of "sanctions" and conditions which can be laid upon participants, since these will not be controlled anymore by the Social Assistance legislation (the WWB and the municipal by-laws on reintegration), but will be controlled by Employment Protection Legislation.

In the Netherlands, all contracts lasting shorter than one year have an initial trial-period of one month (Dutch Civil Code, Book 7, art. 652). In this period, a person can be fired at any moment and for any reason. This would be a similar situation as in many other employment programs for which immediate and complete (full level of benefit) sanction would apply. However, after this initial trial-period of one month, a participant cannot be fired at any moment for any reason, and thus has already built up rights which are similar to any other worker in the country (Dutch Civil Code, Book 7, art. 672). The employer who would wish to fire a person before the end of its contract would need to follow the rather strict rules laid down in the employment protection legislation. For this reason, most contracts offered in the context of Work First projects were very short term. For example, the city of Alkmaar arranged that the participants would first receive a 3 months contract which would then be renewed for another 3 months (RWI, 2008, p. 66). This allowed the private provider to let go of those who did not comply with the requirements of the project at that 3 months threshold instead of having to start a formal firing procedure. In any case, a person who would be fired for not fulfilling the requirements of the projects after the initial one-month trial period would then still receive its salary for the next month as there is a one-months minimum notice for firing employees with a contract for a fixed term of less than five years.

These four activation criteria are averaged to create one single indicator of the level of the severity in activation conditions in each benefit. In Australia, all four conditions are directly laid out as being strict conditions to which Work for the Dole participants must adhere, so this program will receive an overall score of 5. Canada will closely follow three of the four
criteria being directly required in the legislation. Job search is indirectly required through sanctions which are applied when a claimant does not adequately search for jobs, but this is not directly mentioned as a criterion for eligibility in the program. Hence, this sub-indicator will receive a 4. The country with the lowest score will evidently be the UK, since most of the activation conditions are not part of the New Deal program. Actually, one can say that only a participation condition is a direct part of the program, so this sub-indicator will receive a 5. The other countries will receive score in between, depending on the mix of activation condition which are direct, indirect, or not present at all. All instances where the condition is present, but only indirectly required through the sanctioning mechanisms, the score will be 4. No requirement will score a 1.

Benchmark 6: Input – Legal background: activation conditions

<table>
<thead>
<tr>
<th>Benchmark</th>
<th>SUB-INDICATORS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Activation</td>
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<td>Conditions</td>
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<tr>
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<td>Job search</td>
</tr>
<tr>
<td>NDYP Option and ND25+ IAP</td>
<td>Job availability</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>Participation</td>
</tr>
<tr>
<td>Benefits*</td>
<td>Contract</td>
</tr>
<tr>
<td>- Salary **</td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td></td>
</tr>
<tr>
<td>Work for the Dole</td>
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<tr>
<td>Canada (Ontario)</td>
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<tr>
<td>Ontario Works</td>
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<tr>
<td>Switzerland (Geneva)</td>
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<tr>
<td>Temporary Job</td>
<td></td>
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<tr>
<td>RMCAS</td>
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<th>Job availability</th>
<th>Participation</th>
<th>Contract</th>
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<td>1</td>
<td>1</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>4.5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>N.A. : 3</td>
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<tr>
<td>- Benefits*</td>
<td>2.75</td>
<td>1</td>
<td>1</td>
<td>5</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Australia</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Canada (Ontario)</td>
<td>4.75</td>
<td>4</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Switzerland</td>
<td>3.75</td>
<td>4</td>
<td>1</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>(Geneva)</td>
<td>3.5</td>
<td>4</td>
<td>1</td>
<td>4</td>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>

Note: * Refers to project for which the participants conserve their claimant status
** Refers to project for which participants leave the benefit scheme to become regular employees

6.7. Sanction legislation

The next input indicator concerns the legislation on sanction. With regards to sanctions, two aspects can be distinguished, that is to say, 1) the duration of the sanction, and 2) the level of the sanction (how much of the benefit is being taken away). The actual number of sanction used will
be discussed in the Output Benchmark, and the implementation of the sanction legislation and its effect on participants will be discussed in the Process Benchmark.

In the UK, the sanctioning mechanisms for the Jobseeker’s Allowance claimants are arranged by Section 19 of the Jobseekers Act of 1999. Furthermore, the level and duration of the sanction are set by the Jobseeker’s Allowance Regulations 1999. Two different types of sanctions are put in place in different parts of the legislation. The first one relates to not fulfilling the obligations laid within the Jobseekers Allowance, the New Deal requirements or the Work-focused interview (Peters and Joyce, 2007, p.62). This first type of sanctions will here be called “Employability sanction”. The second type of sanctions regards the circumstances in which a person becomes unemployed, such as voluntarily leaving a job or losing a job due to misconduct (Peters and Joyce, 2007, p.62). This second type of sanction will here be called “Employment sanction”.

The type of sanctions which relates most to this benchmark are the sanctions relating to the ‘employability’ of the claimant, that is to say, the fulfilment of its activation conditions as a claimant. The sanctions are arranged such that the first time a participant refuses to participate in an employment program or quits a program without valid reasons, they will not receive a JSA benefit for the next two weeks. The second time, this period in which no benefit is paid-out will be extended to four weeks. A third refusal or quit will result in a loss of benefit for up to 26 weeks, but not more. The less straightforward aspect of this sanction regime is that if a person takes part in the New Deal Option or Intense Activity Period, it will not receive the JSA benefit anymore. Since the participants are not claiming the benefit anymore, they are not subject to the legislation of the JSA, and thus also not its sanctioning mechanisms. As Bivand (2002, p.16) also noted, sanctions for Options of IAP participants only come into play if they refuse to start their work-based activity, or they leave it before the end of the program.

As a matter of fact, the NDYP Options participants and the ND25+ IAP participants are not completely removed from any legal obligations even though they are not claiming the JSA benefit anymore. Several Statutory Instruments have linked the sanctioning regime of the Jobseekers’ Allowance to the New Deal options and IAP, most particularly the Social Security Amendment (New Deal) Regulations of 1997 concerning the NDYP and the Social Security (New Deal Pilot) Regulations of 1998 concerning the ND25plus. The sanctioning mechanisms for the Jobseeker’s Allowance claimants are arranged by Section 19 of the Jobseekers Act of 1999. This Section states that even though the basic
eligibility conditions are met (see box 2), certain circumstances make that
the allowance is not payable. The relevant circumstances for the New
Deal participants relate to the participation in employment programmes
or training schemes. In situations where the claimant has refused or
failed to carry out any jobseekers’ direction which was reasonable, has
refused or failed to participate in a training scheme or employment
programme which was offered by an employment officer, or has lost a
place on such schemes or programmes through misconduct, a sanction
will thus apply. The above mentioned Regulations included the NDYP
Options (all four) as well as the IAP stage of the ND25plus in the
definition of employment program.

As a result, in the event of a refusal to participate in the program before
the program starts, the jobseeker is at that point still claiming the JSA
benefit, so the sanction will apply and no other income will be available
for the duration of the sanction. On the other hand, in the event that a
person is already in the option and therefore not claiming the benefit but
receiving a wage or an allowance, a quit of the program will thus mean
that the sanction will be applied at the start of their new claim for JSA.
This means that the participants who leave the program will not be
receiving a new JSA benefit payment for the duration of the sanction.
Clearly, a sanction can either be imposed at the start of a claim, or during
one (Peters and Joyce, 2006, p.11). Furthermore, it is interesting to note
that the laws arranges for the New Deal participants in the Options and in
the IAP to still be able to have the status of JSA claimants for the purpose
of claiming other social security benefits, such as Housing Benefits and
Child allowances.

As mentioned above, the second type of sanctions relate directly to
employment, such as leaving a job voluntarily or loosing a job because of
misconduct (Peters and Joyce, 2006, p.62). In these cases, the sanction will
be variable in length, but between 1 and 26 weeks, but will always imply
the complete withdrawal of the benefit (Peters and Joyce, 2006, p.62).
These sanctions are relevant for the New Deal program in cases where the
jobseeker is taking part in the Employment Option of the NDYP. This is
because these participants are actually hired by employers as part of their
program, and thus have the status of employees (albeit, subsidised).
Leaving one of these programs voluntarily or loosing a place through
misconduct will therefore lead to sanctions of this second type,
employment-related sanctions (see Peters and Joyce, 2007, p. 63).

As mentioned earlier in the benchmark, in the Netherlands the Work and
Social Assistance Act clearly set out strong conditions on the claimant
which they must fulfil in order to receive a benefit. However, in the event
that the claimant does not comply with these conditions, a sanctioning mechanism must be set in place by the Act in order to enforce these requirements. This sanctioning mechanism is introduced in article 18 which states that if the claimant does not satisfactorily meet its obligations, a reduction of the benefit can occur. The Act also arranges that for all municipalities, the sanctioning mechanisms must be so that for each individual who was sanctioned, the sanction must be revised within a maximum term of 3 months. Further sanctioning rules are set up in article 54 of the same act. This article states that the benefit can be suspended for a maximum of 8 weeks if the individual does not provide necessary information (on time) or does not cooperate properly with the municipality. If the situation is not corrected within the chosen timeframe, the municipality can take away the benefit indefinitely. Finally, article 54 arranges that the municipality can lay obligations regarding activation and the level of the benefit besides those already mentioned in the general conditions and sanctions of the Work and Social Assistance Act. This thus means that all details concerning the level of the sanctions and the situations in which a sanction can be applied are to be set by the municipality in its Reintegration By-law. Since each municipality will have their own by-law, the rules will thus vary to a great extent for the claimants in the country, depending on the municipality in which they reside\textsuperscript{26}. While some municipalities chose to completely take away the benefit from the participants who did not meet the conditions of the program, other only reduced the amount of the benefit by a percentage of the total amount. The duration of the sanction could also vary. The sanction could be valid for the entire period for which the conditions laid on the claimant were not met, that is to say, the sanction would be lifted only when the claimant agreed to take part in the program and function in the program at a sufficient level. Also, the sanction could be laid for a fixed amount of time after which the benefit would then be fully paid.

The various type of sanction and their frequencies within the projects in the database are depicted in table 6.6.

\textsuperscript{26} It is also important to mention here that the Netherlands has a mandatory civil registration system in which each resident of the country must be registered at one of the municipality. It is therefore not an issue that some people could claim a benefit in the municipality in which the sanction level would be the lowest, since one can only be registered at the municipality in which he resides, and this municipality will be the one delivering the benefit.
Table 6.6: Type of sanction regime and frequency of projects

<table>
<thead>
<tr>
<th>Duration of sanction</th>
<th>Partial Reduction</th>
<th>Full withdrawal</th>
<th>No sanction</th>
</tr>
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<tbody>
<tr>
<td>As long as conditions are unmet</td>
<td>12 projects</td>
<td>10 projects</td>
<td>1 project</td>
</tr>
<tr>
<td>Fixed number of months</td>
<td>11 projects</td>
<td>5 projects</td>
<td>3 projects</td>
</tr>
<tr>
<td>Unknown/variable</td>
<td>6 projects</td>
<td>3 projects</td>
<td>3 projects</td>
</tr>
</tbody>
</table>


In terms of the number of months for which the sanction was applied, this varied between one month (the minimum since the benefit is a monthly payment) and six months, with the majority found around one to two months. The amount of the reduction of the payment with regard to a partial reduction varied between 10% and 100% which was most often decided on a case-by-case basis.

In Australia, sanctions have been reformed in a significant way in the Welfare-to-Work Act of 2005, which took effect on the 1st of July 2006. This period however falls outside of this benchmark, since the data collected refers to the fiscal year 2005-2006 for Australia. Prior to the reform, two types of sanctions were present: Administrative Breach and Activity Test Breach. The Administrative Breach was applicable to situations where a claimant failed (without good reason) to respond to requests from the delivering agency or a contracted third-party (Centrelink, 2006). For example, such a sanction would be applicable when a claimant would refuse to provide information or to attend an intake interview. These sanctions would last for 13 weeks and imply a 16% reduction of the benefit payment (Centrelink, 2006). The claimant can also opt for a 100% cut of the benefit payment for a period of two weeks, which is financially almost equivalent. The second type of sanction are Activity Test Breach, for situations where the claimant does not satisfy the Activation Conditions as mentioned in the previous benchmark (obligation to look for work, accept job offers, participate in employment programs, etc.). Unlike the administrative breach which remained the same level and length each time a sanction was laid upon a claimant, these sanctions were set to increase in impact after each time a person would not comply with those activation conditions. The first Activity Test Breach is set at 18% of the benefit a person claims, and last for 26 weeks (Centrelink, 2006). The second breach within a two-year period of the first breach also last for 26 weeks and is then set at 24% (of the maximum benefit claimed, not of the sanctioned benefit if this second breach were added...
breach is added up to the first one) (Centrelink, 2006). The third and subsequent activity test breaches in this two-year period then result in a complete withdrawal of the benefit for a period of 8 weeks (Centrelink, 2006).

Similarly to the British and Australian sanctioning regime, the Ontario Works legislation has a system in which the severity of the sanction increases after repeated offences. The level and duration of the sanction is however much higher in the Ontarian case. Similar to the Australian case, different rules apply to different types of failure (however, these do not have explicit different names). First, if a claimant fails to comply with the requirements to be looking for work and participating in employment activities, the first occurrence will result in a 3-months cancellation of the benefit, and each subsequent offence will result in a 6-month cancellation of the benefit (Ontario Works Regulation 134/98 art.33-34). If the benefit-unit includes a dependant, the benefit will however only be reduced by the proportion of the benefit which is allocated to the claimant and the dependant’s portion of the benefit will still be paid-out (OW Reg. 134/98 art. 33(1.2)). Nevertheless, the 3-months or the 6-months sanction duration can be considerably shortened in cases where the sanction refers to a failure to participate in an employment program (and not to failure to accept and maintain work). The benefit payment can be reinstated upon the signature of a participation agreement in which the person agrees to participate in the employment activity (OW Reg. 134/98 art. 33(4.1(b)).

Concerning all other types of failure to comply with other conditions of eligibility, such as failing to provide information or attending a meeting with a case-worker, the sanction will be valid for the period up until compliance with the conditions is fulfilled (OW Reg. 134-98 art. 35(1)). Similarly to the other sanction, the amount to be reduced will be the complete benefit in the case of a single-claimant. In the case where the claimant has a dependant, only the amount which regards the person sanctioned will be withdrawn.

At last, the sanctioning mechanisms found in the project in the Canton of Geneva are laid-out in much less detail in the laws. The legislation concerning the Temporary Job program mentions that if a participant refuses a Temporary Job which is proposed to him/her, he/she cannot receive another proposition or claim any other benefit under the Cantonal Law on Unemployment (art.45). This thus means that refusing to participate in the program equals to a full sanction which is never to be reversed (no rights to a second proposition, thus no rights to the benefit anymore). However, no mention of possible sanctions is made concerning the other conditions laid in the law, such as to look for a job. The sanction mechanism of the RMCA5 is also similarly lacking detailed
instruction. Article 11(3) mentions that benefits can be sanctioned or withdrawn if the claimant refuses or delays to avail the delivering instance of any information. In addition, article 15 mentions that the payment of the benefit begins when eligibility criteria are met and ends when these eligibility criteria are not fulfilled anymore by the claimant. These criteria include an obligation to, in principle, perform a “mutual obligation” activity as well as pursue job search (art. 27 and 12).

As mentioned in chapter 4, the indicator on sanctions is mostly concerned with comparing their financial impact on the annual income of claimants. The lengths of the sanctions and their levels will thus be combined and related to the amount of benefit a person would receive in one year. Table 6.7 on the next page will show the various combinations of length and level found in each country. The ranking of this indicator is not straightforward since the financial impact of the first sanction on total yearly benefit income takes the form of a range in some countries. Furthermore, both the UK and Australia have different sanction mechanisms for different types of breaches.

<table>
<thead>
<tr>
<th>Table 6.7: Sanctions length and level</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Length of first sanction (weeks)</strong></td>
</tr>
<tr>
<td>UK “Employability”</td>
</tr>
<tr>
<td>UK “Employment”</td>
</tr>
<tr>
<td>NL</td>
</tr>
<tr>
<td>AUS: Activity Test Breach</td>
</tr>
<tr>
<td>AUS: Admin. Breach</td>
</tr>
<tr>
<td>Canada</td>
</tr>
<tr>
<td>CH Temporary Jobs permanent</td>
</tr>
<tr>
<td>CH RMCAS</td>
</tr>
</tbody>
</table>

When looking at the values in table 6.7, the temporary job program in Geneva is having the harshest sanction. This comes from the fact that refusing to participate in the program means that this type of benefit will not be available again for the claimant. This program therefore receives the highest score in the benchmark. Since both the RMCAS and the Ontario works program give a minimum of one month of full benefit
withdrawal as a sanction, which amounts to almost 8% financial effect, these two programs score a 4. Refusing to participate in the Work for the Dole will result in a 9% cut in yearly benefit income, which give this program a score of 3. On the other side, refusing to participate in the New Deal program will result in a loss of just under 4% of total benefit income, which is the lowest in this benchmark, meaning a score of 1. The programs in the Netherlands are the hardest to benchmark, since the variation is the greatest, from 1% to 100%. As shown in table 6.6, one fifth of the projects gave a sanction similar to the situation in the RMCAS, where benefits were fully withdrawn until compliance with the activation requirements. On the other side, one fifth actually partially reduced the benefit for a set amount of months, resulting in a less harsh sanction for its participants. Because of this great variation, the Dutch Work First projects will score a 3 in this benchmark.

### Benchmark 7: Input -Sanctions

<table>
<thead>
<tr>
<th>Benchmark</th>
<th>Financial impact of sanction</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom</td>
<td>1</td>
</tr>
<tr>
<td>NDUP and ND25+</td>
<td>1</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>3</td>
</tr>
<tr>
<td>Work First</td>
<td>3</td>
</tr>
<tr>
<td>Australia</td>
<td>3</td>
</tr>
<tr>
<td>Work for the Dole</td>
<td>3</td>
</tr>
<tr>
<td>Canada (Ontario)</td>
<td>4</td>
</tr>
<tr>
<td>Ontario Works</td>
<td>4</td>
</tr>
<tr>
<td>Switzerland (Geneva)</td>
<td>5</td>
</tr>
<tr>
<td>Temporary Job</td>
<td>5</td>
</tr>
<tr>
<td>RMCAS</td>
<td>4</td>
</tr>
</tbody>
</table>

Chapter four had brought up the point that it might be possible that sanctions are not linearly related to results. Indeed, there could be a point where harsher sanctions would not lead to better results, because of many factors such as the diversion of the attention of the participants away from the ultimate goal to find a job, towards avoiding receiving a sanction in itself. As can be seen for this benchmark, harsh sanctions can be found in the Swiss and the Canadian programs. When proceeding to the aggregation of the results of the benchmark results, special attention should be given to looking at whether the harsh sanctions in these
programs could actually not be related to better results, but to worse results. For the moment, the assumption that harsher sanctions result in better results will be kept, in the line of the evidence provided by amongst others Boon, Frederiksson, et. al (2007); Van den Berg, Van der Klaauw and Van Ours (2004) as well as Boone, Sadrieh and Van Ours (2004).

6.8. Radar charts and overall performance levels

The radar charts for the input benchmark are presented in figure 6.1 to 6.7 for each of the seven programs in this evaluation. The radar chart clearly indicates that each country and each program have their unique approach to putting in place what is necessary for the program. Two programs stand out for having relatively high scores on all indicators, being the Dutch Work First projects and Ontario Works. The Work for the Dole also has a high score on some indicators – target groups, benefit levels and activation conditions - but this is found to be in combination with some lower scores on the objectives, financial incentives, governance, and sanctions indicators. Similarly, the two New Deal programs and the two Geneva programs present a combination of high and low scores, resulting in a more “flat” shape on the radar charts. However, the direction of this shape is much different due to different accents in the inputs. The UK programs score very high on four indicators, objectives, target groups (but not for the ND25+), governance, and benefit levels but these are all low scores in the Geneva programs (except for governance, which is not as low). On the other side, high scores are found for the Temporary Jobs programs and the RMCAS on the indicators for sanctions and activation conditions, while these are much lower in the UK.

Figure 6.1 Input UK – NDYP *

![Radar chart example](image-url)
Figure 6.2 Input UK – ND25plus *

Figure 6.3 Input Netherlands – Work First *

Figure 6.4 Input Australia – Work for the Dole *
### Legend for the indicator labels in figure 6.1 to 6.7 (see also section 4.1)

<table>
<thead>
<tr>
<th>Label</th>
<th>Indicator</th>
<th>Sub-indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work as objective</td>
<td>Objective</td>
<td>Return to work</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mutual Obligation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ability to work</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Willingness to work</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Access to work</td>
</tr>
<tr>
<td>Target group</td>
<td>Target group</td>
<td>Youth</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Long-term unemployed</td>
</tr>
<tr>
<td>Financial incentive</td>
<td>Finances</td>
<td>Budget per participant</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Incentive structure</td>
</tr>
<tr>
<td>Governance model</td>
<td>Division of responsibilities</td>
<td>Concentration</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Decentralisation</td>
</tr>
<tr>
<td>Benefit level</td>
<td>Benefit</td>
<td>Type of benefit</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Benefit level</td>
</tr>
<tr>
<td>Activation conditions</td>
<td>Activation conditions</td>
<td>Job acceptance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Job search requirements</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Participation requirements</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Signing a contract</td>
</tr>
<tr>
<td>Sanctions</td>
<td>Sanction legislation</td>
<td>% of income loss on yearly basis from 1st sanction</td>
</tr>
</tbody>
</table>

The total area of the shape formed in the radar chart will give an aggregation of the size of the input all together for each program. This measure of SMOP is relative to the total surface of the chart, which will allow the comparison of the SMOP values between the different sections of the benchmark. This value should thus be interpreted as “the proportion of the total chart area which is covered by the shape of the scores on each axis” (see section 2.3 for more information on methodology). The size of this Surface Measure of Performance (SMOP) can be seen in figure 6.8.

The general estimations one can derive from the radar charts are confirmed by the calculation of the surface measure of performance. From the total of the input, it can thus be expected that the best results will be found in the Netherlands and in the Ontario Works program. The other programs have SMOP values much lower, with next the Australian Work for the Dole. This is closely followed by the two British programs and the RMCAS. The difference in the overall performance level between the two New Deal programs is due to a different target group, which is much more distant from the labour market in the New Deal 25+. At last, the Temporary Job program has the lowest SMOP value of this benchmark, and is found to be 3 times smaller than that of the highest input level which is found in the Netherlands. Chapter 11 will verify
whether the ranking according to the input can explain the impact of the program, and will also link the differences in levels of input with differences in the rest of the policy-chain.

Figure 6.8 Surface Measure of Performance – Inputs

7. Process Benchmark

The model developed in part 1 of this research made it clear that process-indicators are crucial to the proper benchmarking of work-based employment programs. By linking the process to the input, the output and the results, determinant of success of work-based employment programs can be highlighted. Seven indicators where discussed in chapter 4 as being significant to better results in work-based employment programs. These were:

1. Mode of delivery
2. Timing of start
3. Length of program
4. Hours per week
5. Work environment
6. Rewards
7. Sanctioning procedure

Similarly to the previous chapter, a first section will discuss the ranking of each of these 7 indicators, while a second section will present the aggregated result for this category of indicator.

7.1. Mode of delivery

With the rise of New Public Management as an influential model for reforming bureaucracies, many countries systematically increased the influence of market forces in their social security system. As discussed in chapter 1 and 2, this has meant the privatization of service delivery, the increase use of monitoring of government departments based on performance indicators and benchmarks, and the use of contracts between the government and those responsible for delivering services. However, the extent to which these new mechanisms have been introduced in different countries varies greatly. This will be the first process-indicator of this benchmark: the mode of governance for the delivery of the work-based employment programs. Chapter four has defined four categories of provision models based on the typology developed by Mosley and Sol (2005). These are: the bureaucratic model, the management-by-objective model, the preferred supplier model and the quasi-market model. Additionally, the extent to which these different types of arrangements will lead to performance-pay will also be measured. This benchmark will therefore reflect the degree to which the programs are following a delivery model which is focused on efficiency and effectiveness.
The Netherlands and Australia are well known for their extensive use of private providers for the delivery of employment services. In both these countries, opening up the market for employment services was thought to improve the efficiency of the labour market policies and thereby help in decreasing caseloads. In the Netherlands, this privatisation of service delivery has not been made mandatory such as in Australia, but was left as an open option for the municipalities. In the Netherlands, the type of partnerships and contracts which are made between the municipalities and those who provide the services to the participants varies between the various Work First projects. In the case where the municipality will choose to contract-out service, either a quasi-market will be created or a preferred-supplier model of provision will be chosen. Two types of private providers can be used by the municipalities: sheltered-workplaces and reintegration companies. Sheltered-workplace companies are often partially owned by the municipalities and provide subsidized employment for those who are not capable of working in the regular labour market due to large barriers to work. They offer simple, low-skilled work, and the expectations of the managers of these workplaces in terms of skills and level of employability are much lower than what is found in the regular labour market. This means that these are very locally bound and a preferred-supplier model of provision will be used. In the case of outsourcing to private reintegration companies, these are often found in many regions and less geographically bound, which makes it more appropriate to use a tendering procedure of the quasi-market type of provision. As shown in table 7.1, a third of the projects were contracted to a private provider, who in turn may have contracted-out some parts of the service delivery to other private providers.

<table>
<thead>
<tr>
<th>Head-contractor</th>
<th>Frequency in the 49 projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private service provider</td>
<td>33%</td>
</tr>
<tr>
<td>Sheltered-workplace organisation</td>
<td>22%</td>
</tr>
<tr>
<td>Social Affairs department of the municipality</td>
<td>25%</td>
</tr>
<tr>
<td>Other</td>
<td>20%</td>
</tr>
</tbody>
</table>


However, a quarter of the municipalities still chose to act themselves as the head-contractor of the project and only contract-out some parts of the project, or even arrange the activities of the project internally. In fact, in the case where the municipality is the head-contractor of the project, 75% of the time a private service provider is contracted out, 12.5% of the time a sheltered-workplace company is contracted out, and only 12.5% of the
time does the municipality itself provided for the activities of the project. The category “other” includes the various cooperation options between the three actors, as well as some Regional Education Centres which are responsible for adult education.

Since funding arrangements are also arranged separately for each contractor, there is not one single funding model which relates to the Dutch Work First program. Nevertheless, private providers will usually be paid with a combination of fee-for-service and outcome-payments, an acquittal process can also be used by the municipalities, especially when contracting out to other public organisations or to sheltered-workplace. In general, the Work First programs being highly focussed towards the rates of return to work of its participants, an element of performance-pay can be expected in most contracts, especially since the majority of contracts are with a private service provider.

The Australian mode of provision follows a preferred-supplier model, although it is complemented by a small quasi-market in order to allow new entrants in the market (Mosley and Sol, 2005, p. 6). The Department of Employment and Workplace Relations contracts out the delivery of the Work for the Dole to Community Work Coordinators (DEWR Annual Report 2005-2006, p.211). The value of the contracts for the period of 1 July 2002 to 30 June 2006 is in total, A$684,370,000 (~ 417 million Euro) (DEWR Annual Report 2005-2006, p.211). The role of the Community Work Coordinators (CWC) is to find and select projects suitable for the Work for the Dole program, and supervise these projects (Nevile and Nevile, 2003, p.13). These projects are taking place in non-profit, community, voluntary or governmental organisations, which are denominated as Sponsors or Hosts. Actually, about 25% of the sponsors are religious-based community bodies, a little more than 50% are secular non-governmental community bodies, and the last quarter is made up of local government bodies (Nevile and Nevile, 2003, p.13). Nevertheless, about half of the projects take place within the CWC and are not subcontracted to a Sponsor (Nevile, J.W., 2003, p.4).

The contract between the CWCs and the DEWR runs from 2002 to 2006 and is called the Community Work Coordinator Service Contract 2002, or CWCSC 2002 (Australia National Audit Office, 2007, p. 15). As illustrated by Nevile and Nevile (2003, p.146), this contract is based on a new arrangement for the funding which is based on an acquittal procedure.

27 The exchange rate used for the conversion is the average exchange rate over 2005 and 2006 in order to cover for the fiscal year. This is 0.61 A$/€. Source for exchange rate: OECD (2007), Main Economic Indicators.
They explain that the CWCs and the Sponsors have to itemize what every component of the project will cost and that the DEWR will transfer only a percentage of the money up front. The rest of the funding will then only be made available after the project has been completed and the receipts can be presented. This clearly put great financial pressure on both the CWCs and the Sponsors since they in fact have to cover for considerable up-front expenses, such as equipment, protective clothing, training and supervisors’ wages (Nevile and Nevile, 2003, p.147). The acquittal process nevertheless includes a fixed Management Fee and Administration Fee per contracted place (ANAO, 2007, p.15). It, however, does not contain any performance-related payment, in accordance with the objective of the program which is not axed towards employment outcome. Furthermore, since 2004 the CWC are allowed to claim upfront payments of up to 80% of the approved Work for the Dole activity before and during the life of the activity (ANAO, 2007, p. 77). At last, it should be noted that the Department of Employment and Workplace Relations monitors the performance of the CWC on various Key Performance Indicators and that the Star Rating System also applies to CWC, but without accounting for employment outcomes (this was changed from 1 July 2006) (ANAO, 2007, p.117).

In the case of Great Britain much of the social security provisions have been centralised in the hand of Jobcentre plus. In addition, some centralisation has been taken place within the delivery of New Deal services. This centralisation came mostly from the Building on the New Deal strategy which was laid-out in the aftermath of the Review of Employment Programs realised by the Department of Work and Pension in 2003 and 2004 (Hasluck and Green, 2007). The major proposal of the strategy regarded more power to the local staff in the Jobcentre Plus, especially to the District Manager who could choose from a “menu of provisions”, which were framed by national policies, in order to best suit the demands of its locality (Hasluck and Green, 2007). Those District Managers would then enter into partnerships with local public and private service providers in order to offer a diversified package of services which met the needs of the local unemployed. However, as mentioned by Hasluck and Green (2007), the Building on the New Deal has yet to be fully develop since Jobcentre Plus were not initially fully able to take advantage of their new devolved power due to many uncertainties regarding the best choice of provision for each target group found in the locality.

More specific to the NDYP, the 144 Units of Delivery for the NDYP were meant to allow for local flexibility in both the policy design and delivery, but this within the nationally set standards and guideline (Sunley et. al,
These Units of Delivery are in fact free to make partnerships with different local organisations in order to provide for the services of the NDYP. This way, the specific package of provision will vary from one Unit of Delivery to the other, according to the variation in local needs and types of actors involved in the partnership. The Tavistock Institute has researched those partnerships and concluded that the delivery models and forms of partnerships were extremely varied from one Unit of Delivery to the other (in Hasluck and Green, 2007). Nevertheless, four broad models of delivery could be identified by the researchers (Travistock Institute, 1999, in Hasluck and Green, 2007):

- **Joint Venture Partnerships:**
  in this model different service provider, including the Jobcentre Plus, are all equal partners in a contract with the Jobcentre Plus for the delivery of the NDYP services and programs.

- **Consortia:**
  the Jobcentre Plus has one single contract with one lead-organisation, which then on its turn sub-contracts the different services and programs with various private partners.

- **Private Sector Delivery:**
  the Jobcentre Plus has one contract with one private organisation which delivers the services and programs itself.

- **Independent Contracts:**
  the Jobcentre Plus is the lead-contractor and makes sub-contracts with various private providers for the different services and programs.

While too many factors come into play when attempting to find the model which shows the highest level of effectiveness, the researchers from the Travistock Institute where able to show that the benefit of these partnerships was that they had considerably broadened the range of services and programs offered by the NDYP since its was able to build a much larger network of providers and potential employers (Hasluck and Green, 2007). Unfortunately, as pointed out by Hasluck and Green (2007) in their recent survey of New Deal evaluations, there have been little or no further evaluations on these various delivery models and so no further information is available on how these models are performing nowadays.

The New Deal 25 plus is not provided through those Units of Delivery but is directly provided at the local level by the 849 Jobcentre Plus offices. The delivery of the services is nevertheless provided through partnerships with various local training providers and other organisations, but very little variation in models of delivery has been noticed by Hasluck and Green (2007). Nevertheless, as already mentioned earlier, three models of
delivery for the Intense Activity Period of the ND25plus have been identified by Wilkinson (2003). The modular approach resembles the “Independent Contract” model of the NDYP since the New Deal Personal Adviser selects for the participant a package of activities from one or different provider. The routeway or combination approach then resembles more the “Private Sector Delivery” model of the NDYP because New Deal Personal Adviser choose only one service provider to provide for all of the services within the IAP (Wilkinson, 2003). Of course this can also mean that this private provider will then sub-contract some of the services it should provide to other private partners, and in this case, the delivery would take the form of a “Consortia”. All in all, it is clear that private providers are also delivering the services within both New Deal programs. Due to the importance of internal competition and performance monitoring between Jobcentre, the New Deal Unit of Delivery and the Department for Work and Pension and the presence of private providers, the model of provision can be qualified as being Management by Objective.

With respect to the funding of external providers, the Jobcentre Plus Provider Guidance (2007, chapter 4) explains how funding is fixed on a national basis for all NDYP and ND25plus activities, and more. The Guide shows that payments are based on a Funding Formula which is divided between an “on-program element” and an “outcome element”. For the work-based activities of the NDYP and the ND25plus, the on-program payment will make up 70% of the payment, and the outcome element the remaining Jobcentre Plus, 2007, par. 37 and 43). Only finding a regular job for at least 16h/week for an expected 13 weeks will count as a positive outcome (Jobcentre Plus, 2007, Annex 7 par. 5). This funding formula thus provides a common basis for the funding of all contracted out services through nationally determined prices, which will encourage competition on the basis of the quality of the service, defined by the extent to which positive outcomes are reached (Jobcentre Plus, 2007, chapter 4).

The situation in Canada is very similar to what is found in the UK in terms of privatization of delivery. Delivery is done by the different municipalities (named Delivery Units) and they are allowed to outsource some of the service delivery to private actors. The Delivery Units are monitored according to clear performance indicators as described in the Ontario Works Directives #50.0. The delivery of the Ontario Works program by the Delivery Agents was drastically reformed in 2002 by the Business Transformation Project. This reform involved mostly the setting up of a new information technology system as well as setting up new business process, mostly regarding determination of eligibility and level of benefits (Office of the Provincial Auditor of Ontario, 2002, p. 26).
reform has attracted a large amount of criticism from the Provincial Auditor and academics evaluating the effectiveness of the program (see Lightman et al. 2006 and 2005). Much of the controversy came from the fact that a private consulting firm (Accenture, then Anderson Consulting) had received large payments, C$ 240 million as of March 2002 (C$ 180 million was the agreement) for their expertise, while the changes in the system were widely recognised as clearly failing to meet the administrative needs of the program and resulted in many system defects (Office of the Provincial Auditor of Ontario, 2002, p.27). The Business Transformation Project did not however have direct impact on the provision of work-based activities within the program, and will thus not be further discussed in this benchmark. For more details on the design and results of the Business Transformation Project, see OPACO 2002 and Lightman, Mitchel and Herd, 2006 and 2005.

The Delivery Agents – which as explained earlier consists of Municipalities, District Social Service Administration Boards or First Nation Bands – are allowed to contract-out any of their service provision to external contractors (public or private), except for the determination of eligibility (OW Act, art. 45(1) and Reg. 136/98 art.4). The work-based activities of the Ontario Works program are delivered through Community Placement. Since more details will be given on this program in the following benchmarks, it is sufficient to mention that these activities take place within non-profit organisation (community/voluntary or governmental). Ontario Works Directive #41.0 states that the Delivery Agent may use three different approaches for the delivery of Community Placement:

- Direct Delivery by Delivery Agent
- Community-based organisations
- Mix of direct and community-based delivery.

In the case external delivery is chosen, the Directive further requires the Delivery Agent to draw a Service Contract Agreement with the participating organisation. The precise content of this Service Contract Agreement is not specified in the directives. Nevertheless, due to the ‘mutual obligation’ nature of the Community Placement program and its lack of direct focus on employment outcomes, it can be assumed that performance-pay will not be part of this contract. Most likely will the participating community organisation receive a small fee for supervising the participants, as well as a reimbursement of the costs incurred. In fact, from Directive #41.0 it is apparent that the agreements between the Delivery Agent and the community-based organisations will mostly regards basic labour legislation and provincial standards. As such, the Directive requires all participation to comply with the Human Right
Code, the Occupational Health and Safety Act, and basic employment protection such as respecting public holidays and maximum number of hours worked per week, as well as requires them to provide accident insurance coverage under the Workplace Safety and Insurance Board. At last, it can be repeated that performance-pay is also not part of the funding arrangement between the Ministry of Community and Social Services and the Delivery Agents as they share costs on an acquittal basis. Nevertheless, Delivery Agents are subject to performance monitoring in which employment outcomes are measured (see OW Directive #50.0).

Lastly, both programs in the Canton of Geneva can be said to follow a bureaucratic model of provision, where the PES is still the central actors and no clear performance monitoring occurs between the PES and the public bodies or non-profit organisation actually taking case of the work activities. The delivery of the services is not base on any form of competition and is more seen as a chance for the public body or non-profit organisation to receive some extra help from the participants without having to provide them with a salary.

The delivery of the work-based activities within the Temporary Job program is external to the Cantonal Employment Office, which is responsible for the program. The fact that delivery is not done by the Cantonal Employment Office follows logically from its design, since Temporary Jobs take place within the public sector at the federal, cantonal and communal level. However, the precise agreements between these government bodies which host the participants and the Cantonal Employment Office are not discussed in the most recent evaluations of the program by the External Commission on the Evaluation of Public Policy. Particular forms of agreements are also not required from the legislation to which the program is subject to. However, the CEPP does mention that the number of vacant places was drastically increased in the last ten years, with as much as 400 to 500 vacant places for Temporary Jobs in 2000, and that many of the government bodies which host Temporary Jobs participants cover up personal shortages with these participants (CEPP, 2002, p. 38). This could imply that the government bodies which host (the employment contract is with the Cantonal Employment Office) the participant does not receive a payment but already benefits enough from the work-activities which are being performed by the participants. This could also very well mean that performance-pay is very unlikely to be taking place within this program, especially considering that employment outcomes are not explicitly the aim of the program. The situation is found within the RMCAS program, which is implemented by the Hospice Général. The ‘mutual-obligation’ activities within the program take place at non-profit organisations, cantonal and communal public bodies or
other community-based organisations. A contract is signed between the Hospice Général and the organisation involved in the mutual-obligation activities, and this contract contains general criteria’s regarding the type of work to be performed by the participant(s), the number of hours, the location of the workplace, etcetera (Cunha, 2002, p.16). No mention is however made of any payments between the Hospice Général and the delivering organisations, let alone the implying of any performance-payments (see amongst other, Cunha, 2002, Fluckliker and Vasilev, 2003 and 2005). Clearly, seeing the focus of the activity on the performance of a ‘mutual-obligation’ in return for the receipt of the benefit, performance-related pay in which return to the labour market would be rewarded to the hosting organisation is very unlikely.

Benchmark 8: Process – Mode of Delivery

<table>
<thead>
<tr>
<th>Benchmark</th>
<th>SUB-INDICATORS</th>
<th>Delivery focused on efficiency</th>
<th>Mode of Delivery</th>
<th>Performance-pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom</td>
<td></td>
<td>4 Management by Objective</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>NDYP and ND25+</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Netherlands</td>
<td></td>
<td>5 Quasi-market or Preferred-supplier</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Work First</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td></td>
<td>4 Preferred-supplier</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Work for the Dole</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canada (Ontario)</td>
<td></td>
<td>2 Management by Objective</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Ontario Works</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Switzerland (Geneva)</td>
<td></td>
<td>1 Bureaucratic</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Temporary Job RMCAS</td>
<td></td>
<td>1 Bureaucratic</td>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>

Benchmark 8 summarises the findings regarding the types of partnerships for the direct delivery of employment services in the work-based program, as well as the extent to which performance-pay is used to steer these partnerships. Because of its mix of market-based delivery and performance-pay, the Netherlands receives the score of 5. This is followed by the UK and Australia, who respectively combine management by objective with performance pay and a preferred-supplier model with no performance pay. The efficiency gains from one of the sub-indicators are then expected to be diminished by the other sub-indicator. The lowest score is found in both Swiss programs, where there
is a bureaucratic mode of delivery and no performance pay. Since the Ontario Works program combines management by objective with no performance pay, it receives a score of 2.

7.2. Timing of the start of the work-activities

Concerning the timing of the start of the work-based programs, a difference can be made between programs which are designed as early-interventions and programs which are one part of a chain of interventions of increasing intensity. The large majority of the Work First programs in the Netherlands, the Ontario Works programs, and both the Geneva programs are all designed to require the participants to start right away with their work-activities. These programs can therefore be defined as early-intervention programs. Although there may be some delay in finding a place for a participant to perform the activities, especially in the cases of Ontario Works and the programs in the Canton of Geneva, this idea remains that the condition of performing work-based activities is linked with the start of a claim. Nevertheless, 25% of the Dutch Work First projects allow more than 3 weeks between the benefit claim and the start of the project, either to give time to the participants to search for a job on their own, or to require them to participate into some other training or job search courses prior to the start of the project. In the case of the RMCAS, the obligation “in principle” to participate in a mutual obligation activity has been interpreted by some case-managers as allowing for some of their claimants a delay of two months to up to one year between the claim and the start of the activity (Cunha, 2002, p. 44). This means that while the intent of the program is to link the claim with the performance of a work-based activity, the property of an early-intervention program can quickly be lost if many participants obtain a certain delay from their case-managers. The number of participants who obtained such a delay is however not mentioned in any evaluation reports of this program. Within the Ontario Works program, recipients are expected to perform job search activities and are provided with employment supports during the first 4 months of receiving social assistance. After the first 4 months, if the recipient has been unable to find a job (any job offer must be excepted) they can be required to participate in the Community Participation or Employment Placement programs whilst still performing a job search. (Community Development Halton, 2006).

On the whole, it is clear that the participants in the Ontario Works program, the Temporary Job program, and the large majority of the Dutch Work First programs are facing the participation in work-activities as an
immediate requirement. This will vary from claimant-to-claimant in the case of the RMCAS in Geneva and the Ontario Works program, although it is safe to assume that most claimants will have entered the program within the first couple of months of a claim. Also, the timing of the intervention in the RMCAS is only a delay in which no other employment services are being offered.

The timing of the start of the work-activities is indeed quite different with the Work for the Dole program in Australia and the work-activities as part of the New Deal programs in the UK. In these two countries, the mandatory work-based activities only begin after a considerable amount of time has elapsed. During this time, unlike with the RMCAS program, other types of provisions are been used to help the unemployed return to the labour market. It is therefore necessary at this point to give further information on the chain of provisions in which these work-activities take place in these two countries.

The New Deal for Young People consists of three distinct stages. After having been unemployed for 6 months, the JSA claimants aged 18-24 are required to enter the New Deal program since they were not able to secure a job on their own during these first months. Each participant will be assigned a New Deal Personal Adviser at the Jobcentre Plus, which will remain their first contact person throughout each stage of the program (Jobcentre Plus, 2007). This personal adviser is responsible for tracking the progress of the participant within the different phases of the program and is the contact person for the service provider regarding that participant.

The first stage is called the “Gateway” and consists of various job search assistance services and short training programs, during which the participants keep on receiving their Jobseekers’ Allowance. This phase was designed to last for 16 weeks, although some participants may remain somewhat longer in that phase (Hasluck and Green, 2007, p.20). The focus of the Gateway stage is on finding work as soon as possible, and the precise content of the services to be delivered and programs to be followed varies greatly from participants to participants (Hasluck and Green, 2007, p.23). Nevertheless, all participants must follow a mandatory Intense Gateway course during their period on the Gateway. This course lasts between one and five week and consists mainly of basic job search skills training such as CV and interview preparation, team building and communication training, as well as contact with potential employers and on-site visits to various workplaces (Hasluck and Green, 2007, p.25). Because the Gateway stage does not contain any work-
activity, is it not considered to be a “work-based employment program” in this research.

The actual work-based activities only take place within the second stage of the NDYP. These work-based activities are part of what is called ‘The Options’, which also encompasses one option which is not work-based, that is to say, the option to follow Full-time education and training (the FRER option). The work-based activities of the NDYP consists of three options:
- the Employment Option (subsidized employment)
- the Environment Taskforce (ETF)
- the Voluntary Sector option (VSO)

If the NDYP participant has not been able to find a job during its participation in the Options, he or she will then proceed to the third and last stage of the NDYP. This stage is called the Follow-Through, and offers intensive job search assistance and other necessary training in order to help the unemployed find a job. This stage lasts a maximum of 16 weeks. Nevertheless, since this third stage of the NDYP does not contain any work-activity, it will also not be considered in the benchmark of the program.

All in all, the actual work-based activities in the NDYP only start after a total of 10 months of benefit claim, the first 6 months consisting of independent job search and the last 4 months of job search assistance of varying intensity.

The situation is very similar with the ND25plus, which also contains three distinct phases. Entry in the program is mandatory for all JSA claimants who have been claiming the benefit 18 out of the last 21 months, but early entry is possible for those who present severe barriers to join the labour market. As Adebowale (2004) indicated, this early entry opportunity is quite significant since about 23% of the participants were given early entry each year. The provisions in the Gateway also consist of job search assistance and basic skills course, as well as a voluntary “Gateway to Work” full-time course similar to the one in the NDYP and of weekly interviews with a New Deal Personal Adviser (Hasluck and Green, 2007). This phase lasts for four months in which the last month is used in order to plan an individually tailored Intense Activity Period (Hasluck and Green, 2007). Similar to the case of the NDYP, the gateway does not contain any work-activity and is therefore exempted from the benchmark of the work-based programs. The second stage of the ND25plus is the Intensive Activity Period, or IAP. The activities in the IAP can be regrouped under five categories of activities (Bivand, 2005):
Not all of these activities are work-based activities, but the Subsidized Employment and Work Experience / Work Placement IAP do fit the definition of work-based employment program. However, the Subsidized Employment IAP is only very small, with less than 1000 participants in 2007 (see DWP, Tabulation Tool, available on website). Seeing the very large target group for the program, no focus will be given on this IAP. Of most interest here is the Work Experience / Work placement option, in which the ND25plus participants take up work as a mean to gain more experience. These two choices resemble what is found within the New Deal for Young People, where the Subsidised Employment IAP resembles the Employment Option, and the Work Experience / Work Placement IAP resembles the Voluntary Sector and Environmental Task Force Option. After completing the IAP and not finding work, participants enter the last stage of the program which is the Follow-Through stage. This stage also consists of job search assistance provisions, thus being similar to that of the Gateway in the NDYP. Because IAP only takes place in the second phase of the program, the work-based activities only start very late after the initial claim has been made, that is to say 22 months. The first 18 months were allocated to independent job search and the last 4 months to intensive job search assistance as part of a Gateway period.

In Australia, the Work for the Dole program, which consists exclusively of work-based activities, only starts about six months from the initial claim for either a Youth Allowance or a Newstart Allowance. The Work for the Dole program is actually part of a delivery model named the Active Participation Model which was launched in 2003. This model was designed in order to reform the previously discontinue nature of labour market provisions. The McClure Report, which evaluated the Australian approach to labour market policies prior to the introduction of this new model, highlighted that service delivery arrangements were fragmented and not adequately focused on participation goals for all people of working-age (McClure, 2000, p.3). In this new model called the Active Participation Model, the jobseekers, either YA or NSA claimant, first spends 3 months on independent job search. If no job has been found at that point, the claimants must then participate in Intensive Support activities with a Job Network member. This Intensive Support starts usually with Job Search Training which lasts 3 weeks full-time and
provides help with preparing a resume and practicing interview skills (DEWR, 2006). After 3 months in Intensive Support with a Job Network member, the claimant is then required to fulfil a Mutual Obligation Initiative in order to satisfy the Activity Test and continue claiming its benefit (Social Security Guide 3.2.10). The Job Network member thus refers the jobseeker to a Community Work Coordinator, who is then in charge of the jobseeker. While part-time work for a total of 130 hours within 6 months is one of the options as part of the Mutual Obligation Initiative, the Work for the Dole remains the main activity undertaken under this phase of the Active Participation Model. Even more so, if a claimant has not started an approved activity for the Mutual Obligation Initiative within 6 weeks of mandatory eligibility (thus 6 months and 6 weeks after initial claim), the claimant will be automatically referred to the Work for the Dole program. In other words, the Work for the Dole program is in most cases the default activity for the Mutual Obligation Initiative phase of the Active Participation Model (Social Security Guide 3.2.10). The Work for the Dole program lasts for a period of 6 months and is then followed by Customized Assistance, which provides up to six months of intensive one-on-one assistance to disadvantaged jobseekers who haven’t been able to find work after claiming for more than one year.

Similarly to the UK, the Work for the Dole program is phased after a series of job search assistance activities which are meant to assist the claimants find a job, before work-activities are required from them. The start of the work-activities for claimants of all ages thus takes place after about 6 months of unemployment (6 months and 6 weeks maximum). Considering the much shorter phase of independent job search than in the UK, it can be said that the intervention is earlier in the Work for the Dole than in the NDYP, and much earlier than in the ND25plus.

Benchmark 10 thus ranks each program according to the typical timing of the start of its working activities. Since both the Work First programs in the Netherlands and the Temporary Jobs program in Geneva are in most of the cases starting right from the start of the claim, both receive a score of 5. The Ontario Works Community placement takes place within four months, so it receives a score of 4. Since the RMCAS usually also starts within a couple of months, it receives a score of 3. The same score is given to the Work for the Dole program, which starts after 6 months in the benefit scheme. The lowest scores are given to the New Deal programs, which start after 10 months and 22 months after the start of the claim.
Benchmark 9: Process – Timing of start of work-activities

<table>
<thead>
<tr>
<th>Location</th>
<th>Time Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom</td>
<td>2</td>
</tr>
<tr>
<td>NDYP</td>
<td>2</td>
</tr>
<tr>
<td>ND25+</td>
<td>1</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>5</td>
</tr>
<tr>
<td>Work First</td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td>3</td>
</tr>
<tr>
<td>Work for the Dole</td>
<td></td>
</tr>
<tr>
<td>Canada (Ontario)</td>
<td>4</td>
</tr>
<tr>
<td>Ontario Works</td>
<td></td>
</tr>
<tr>
<td>Switzerland (Geneva)</td>
<td>5</td>
</tr>
<tr>
<td>Temporary Job</td>
<td></td>
</tr>
<tr>
<td>RMCAS</td>
<td>3</td>
</tr>
</tbody>
</table>

7.3. Length of program

Only two programs in the benchmark do not have a limit on the time spend in the work-activities. These are the Ontario Works program and the RMCAS programs. Actually, in the Ontario Works program, a Community Participation placement within a non-profit organisation is only allowed for a maximum of 6 months, or 11 months if a training-plan is in place (OW Directive # 41.0 p.4). However, if there is no exit to work within this period, a new placement can be made within a different organization (OW Directive #41.0 p.4). Since data on the results of the program do not specify the number of different placements for each participant, the program has to be seen as one continuous Community Placement, albeit within different organisations. As will be discussed later on, the organisations do not differ much from each other since clear boundaries are set for which type of placement is eligible for a Community Placement. This level of uniformity thus allows the treatment of the program as being unlimited.

The same situation is found within the RMCAS program, where the time spent on a ‘mutual-obligation’ activity in one organization is variable from one claimant to the other, with no clear time limits. Since this activity is mandatory in order to claim the benefit, ending one placement means that a new placement needs to be made. In his evaluation of the
RMCAS, Cunha (2002, p. 34 and 50) specifies how in general placements within one organisation last for a maximum of 12 to 18 months. He however mentions that some participants may stay up to 5-6 years in the same activity. As also confirmed by Fluckliger and Vasiliev (2005, p.10), the RMCAS program can be considered to have an unlimited duration. This situation is similar to the one in the Ontario Works program.

The length of the Temporary Job program has already been discussed earlier as it is directly linked with its objective to allow the participants to become eligible for a second UI entitlement. Indeed, article 43 of the Cantonal Unemployment Law specifies that the length of the Temporary Job will be equal to the amount of time necessary to build up new entitlement rights, which should not exceed 12 months. For unemployed persons with repeated spells of unemployment, thus all those taking part in the Temporary Job program, the necessary contribution time for eligibility is 12 months (CEPP, 2002 p. 3).

The Work for the Dole program is set to last 6 months, which is similar to the work-based Options in the New Deal for Young People in the UK. Since the Building on the New Deal strategy launched in 2004, more flexibility has been given to the options in the NDYP. An employment readiness interview is undertaken with each participant after 13 weeks on one option to evaluate the progress made towards returning to the labour market, after which a possible prolongation of the option to 26 weeks or a change of option is possible (DWP, 2004, BoND). The threshold times of 26 weeks for the Employment Option, ETF and VS used to be taken as the minimum time on the option but are nowadays used as a maximum time (DWP, 2004, BoND). This comes closer to the situation in the New Deal 25 plus for which the Intense Activity Period (IAP) typically lasts 13 weeks, although it can be extended to 26 weeks for some participants (Hasluck and Green, 2007).

The length of the Work First programs in the Netherlands varied between 6 weeks to two years, although these two projects reflecting these lengths were clear outliers compared to the other programs. As can be seen in table 7.2, almost 70% of the projects lasted less than 6 months, making these programs the shortest in the benchmark. About 25% lasted between 6 months and one year, and only 3 projects reported lasting between one and two years. All in all, the average of the duration of the projects in the Work First Benchmark 2006 was 6.5 months.
Table 7.2: Length of the projects in the Work First Benchmark 2006

<table>
<thead>
<tr>
<th>Length of the project</th>
<th>Frequency in the 49 projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 months or less</td>
<td>49%</td>
</tr>
<tr>
<td>3 to 6 months</td>
<td>20%</td>
</tr>
<tr>
<td>6 months and more</td>
<td>31%</td>
</tr>
</tbody>
</table>

Note: 1) four projects did not provide data on this indicator.

The scores for this benchmark are presented in the table next. These are based on durations as following: Canada and RMCAS are unlimited, Temporary Jobs last 12 months, the Dutch Work First programs last on average 6.5 months, both the Work for the Dole and the NDYP options generally last 6 months, and the shortest program is the ND25+ IAP, with a total of 3 months.

Benchmark 10: Process – Length of program

<table>
<thead>
<tr>
<th>Benchmark</th>
<th>Length of program</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom</td>
<td></td>
</tr>
<tr>
<td>NDYP</td>
<td>4</td>
</tr>
<tr>
<td>ND25+</td>
<td>5</td>
</tr>
<tr>
<td>The Netherlands</td>
<td></td>
</tr>
<tr>
<td>Work First</td>
<td>3</td>
</tr>
<tr>
<td>Australia</td>
<td></td>
</tr>
<tr>
<td>Work for the Dole</td>
<td>4</td>
</tr>
<tr>
<td>Canada (Ontario)</td>
<td></td>
</tr>
<tr>
<td>Ontario Works</td>
<td>1</td>
</tr>
<tr>
<td>Switzerland (Geneva)</td>
<td></td>
</tr>
<tr>
<td>Temporary Job</td>
<td>2</td>
</tr>
<tr>
<td>RMCAS</td>
<td>1</td>
</tr>
</tbody>
</table>

7.4. Hours per week

The number of hours per week in the program will now be used as an indicator of the intensity of the program, and will look in particular at the number of hours which need to be spent in the work-activity of the program. The job search assistance and training elements will only be briefly discussed, as they are part of the Output-Benchmark.
As already mentioned earlier, the New Deal for Young People in the UK consists of four different types of activities, called the Options. Since one option is not work-based28, only three of those Options will be taken into account in the benchmark, that is to say: the Employment Option, the Environment Taskforce (ETF) and the Voluntary Sector option (VSO).

The Employment Option is basically a subsidized work program. Most jobs are full-time - for 30h a week or more - while only a small number of jobs can be part-time (between 24h and 29h per week) (Jobcentre Plus, 2008, website). Additionally, a minimum of one day per week must be dedicated to training towards recognised certification (Hasluck and Green, 2007). This training can be done in-house or provided by an external provider. Furthermore, the participants are expected to continue their job search activities while on the Employment Option and this should be facilitated by the employers, such that free time can be taken to attend interviews (DWP, 2007, provider guidance).

The Environmental Taskforce (ETF) adds an extra aim to the NDYP since it also seeks to contribute to the improvement of the local, regional or global environment (Hasluck and Green, 2007). The activities undertaken by the participants mainly pertain to conservation, for example rural maintenance, gardening, landscaping and building maintenance (Hasluck, 2000). The participants spend 30 hours a week working and spend one day a week in training, besides being expected to continue their job search activities (Hasluck and Green, 2007). The Voluntary Sector Option offers the opportunity to the participant to work for a voluntary sector or charity organisation. Its design is further similar to the Environmental Task Force (Hasluck and Green, 2007, p. 27).

The activities under the Intensive Activity Period of the New Deal 25 Plus are also on a full-time basis (at least 30 hours per week). The IAP is a program in which the participants acquire the skills they lack in order to join the labour market though training and/or work experience program. Of most interest here is the Work Experience / Work placement option, in which the ND25plus participants take up a job, usually no in the regular labour market but in the community sector (Jobcentre Plus, 2005 and Hasluck and Green, 2007, p. 45). It is made clear in the Provider Guidance.

28 The full-time education and training option (FTET) offers the participant the opportunity to spend a year in upgrading their qualification level while continuing receiving a training allowance equivalent to their JSA benefit. The level of qualification to be reached is most often the National Vocational Qualification level 2 (Hasluck and Goor, 2007). Similarly to the other Options, the participant is does not have the official status of unemployed in the statistics. It is registered as being “out of the labour force” (Riley and Young, 2000).
document of the Jobcentre Plus (2007) that those jobs should without any other good reason be full-time, as the program is a full-time program. One or two days a week is also reserved for training in the ND25plus, although this can be done with combining the Work Experience/Placement opportunity with the IAP opportunity.

The amount or time which is dedicated to work-activities and job search assistance (JSA) for the participants in the Dutch Work Fist projects is also in table 7.3. Significant is the fact that a quarter of the projects do not specifically require the participants to spend an amount of time on employability activities. This would mean that the participants would be expected to search for jobs on their own, and that training would be an integral part of the work-activities to be undertaken, in other words, on-the-job training. Nevertheless, a third of the projects offered the standard package of three or four days of work and one day of employability activities, where two-thirds of these were of the “three days work, one day employability” kind for a total of 32 hours per week. A few projects took only a smaller part of the week with less than two days of work and half a day of employability, and one project actually required only employability activities for a full-time work-week.

<table>
<thead>
<tr>
<th>Hours in Project</th>
<th>Frequency in 49 projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>36 to 40 hours only work</td>
<td>7%</td>
</tr>
<tr>
<td>20 to 34 hours only work</td>
<td>19%</td>
</tr>
<tr>
<td>20 to 34 hour work, 0-6 hours JSA</td>
<td>19%</td>
</tr>
<tr>
<td>16 or less hours work, 0-4 hours JSA</td>
<td>14%</td>
</tr>
<tr>
<td>20 to 32 hours work, 8 hours JSA</td>
<td>31%</td>
</tr>
<tr>
<td>12 to 18 hours work, 8-24 hours JSA</td>
<td>7%</td>
</tr>
<tr>
<td>40 hours JSA</td>
<td>2%</td>
</tr>
</tbody>
</table>


The number of hours required for the Work for the Dole program varies according to the age of the claimant. Claimants aged less than 21 years old – thus Youth Allowance claimants – are required to undertake Work for the Dole activities for 12 hours per week (Guide to SS Law, 3.2.10.80). The requirement is slightly higher for those claiming Newstart Allowance, and is set at 15 hours per week (Guide to SS Law, 3.2.10.80). However, NSA claimants aged between 40 and 49 years old have the same participation requirements as the JSA claimants, that is to say, 12 hours per week (Guide to SS Law, 3.2.10.80). Interestingly, the legislative text also specifies that these requirements cannot be exceeded, since
article 28(2) of the Social Security Act of 1991 mentions that a program cannot be approved by the Secretary if it requires more than 24 hours per fortnight or 30 hours per fortnight for those under and over 21 respectively. Nevertheless, principal carers or those with a partial capacity to work have reduced requirements of half of that of the younger and older claimants. This can either mean participating for 12 hours a week for half the period (13 weeks instead of 26 weeks) or for 6 hours a week for the whole period. Additionally, the recent Welfare-to-Work reform which took effect in July 2006 also requires the very long-term unemployed to participate in Work for the Dole. Their requirements are set at what is deemed a full-time basis, which means a participation requirement of 25 hours per week (Guide to SS Law 3.2.9.50). This reform is however outside the scope of the benchmark due to its very recent implementation, and this will thus not be taken into further consideration.

Interestingly, the number of hours required in the Work for the Dole is not based on ad hoc decision. Rather, it is fixed so that it equals to the amount of maximum benefit divided by the Training Wage, such that participants are actually “working” for a revenue which is equal to the minimum wage (OECD, 2002, p. 212). This explains why a lower requirement is present for those under 21, for which a lower training wage apply. From this, it is easy to conclude that the Work for the Dole is truly set up so that the unemployed are “earning” their benefit by working for the community. Also, the Work for the Dole program does not contain any job search assistance component or any training component (OECD, 2001, p. 209).

In Geneva, the legislation on the Temporary Job program clearly states that the participants should spend four full days in the job and that one day per week should be reserved for job search or training (Cantonal Unemployment Law, art. 40). As mentioned in Benchmark 8, the program is delivered by the Cantonal Employment Office, which is responsible for active labour market policies for all unemployment insurance claimants in the Canton. When unemployed persons claiming unemployment insurance reach the end of their period of eligibility, they are being transferred to the Cantonal Measure Service department (OCE, website). The Agency for Cantonal Measure thus takes-over the case-management and is responsible for finding Temporary Jobs for the claimants as well as assisting them in looking for work (OCE, 2008).

The participation requirements for the RMCAS claimants vary greatly from one claimant to another. The legislation is imprecise with regards to the number of hours to be spend in the ‘mutual obligation’ activity, but the Guide to the Rights and Duties of the Unemployed (Ch.15-1) states...
that this activity is on a part-time basis, for up to 20 hours per week. The reason for this has been said to be to avoid competition with temporary jobs and to allow enough time for the claimant to look for work (Cunha, 2002, p.16). Concerning job search and training, while the legislation requires claimants to perform job searches throughout their claim period, this has not been implemented by the Hospice Général since they are not responsible for job search assistance and other labour market policy.

The Ontario Works program in Canada also presents a large amount of variation in the requested amount of time spent in the program. All claimants, except for those with exemptions (see Benchmark 2), are required to take part in Employment Assistance. According the Ontario Works Act, Employment Assistance consists of two types of activities: 1) Community Participation and 2) other employment measures (Ontario Works Act, article 4). In fact, Community Placement is the chief activity of Employment Assistance. In community placement, participants do unpaid community service for a community and/or public or non-profit organisation, for a maximum of 70 hours per months (OW Directive #6.0, p.9). This amount of time averages out at 17.5 hours per week. Similar to the Australian legislation, the Ontario Works Regulation 134/98 states that the delivery agent shall not require a participant to take part in Community Participation for more than 70 hours in any given month (article 29(2)). Since the requirement is set in number of hours per months, it has also been specified that the participants are not to spend more than 8 hours per day or 44 hours per week at any placement, implying that the required hours be spread over the whole months (OW Directive #6.0, p.9). However, unlike in the Work for the Dole, there is no minimum number of hours for the Community Participation as dictated by legislation or directive (#41.0, p. 8). Similar to the Work for the Dole program, the number of hours spend working in Community Participation is set so that it equal the rate of maximum benefit divided by the minimum wage plus vacation pay (OW Directive #41.0, p.9). This thus means that the maximum number of hours required will decrease as the monthly amount of benefit received diminishes. Analogous to the conclusions made regarding this calculation in the Work for the Dole program, one can clearly see the link between the idea of ‘mutual obligation’ and the Community Participation requirement. At last, within Ontario Works, the type of activities undertaken under the second heading of “other employment measures” varies from claimant to claimant.

Benchmark 12 shows the rankings based on the findings with regards to the number of hours spend in the program’s work-activity. Both New Deal program as well as the Temporary Job program last four days a
week, so these three programs will receive a score of 5 in the benchmark. The shortest program is found in Australia, with 12 to 15 hours per week of work activities in the program. This is closely followed by the Canadian Ontario Works program, whose work-activities takes up a maximum of 17.5 hours per week. This program will therefore score a 2. The RMCAS score a 3, with less than 20 hours per week required in a work-activity. The Dutch programs find themselves between the RMCAS and the highest scoring programs, so it will receive a score of 4.

Benchmark 11: Process – Number of hours per week in program

<table>
<thead>
<tr>
<th></th>
<th>Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Intensity of work-activity</td>
</tr>
<tr>
<td>United Kingdom</td>
<td></td>
</tr>
<tr>
<td>NDYP</td>
<td>5</td>
</tr>
<tr>
<td>ND25+</td>
<td>5</td>
</tr>
<tr>
<td>The Netherlands</td>
<td></td>
</tr>
<tr>
<td>Work First</td>
<td>4</td>
</tr>
<tr>
<td>Australia</td>
<td></td>
</tr>
<tr>
<td>Work for the Dole</td>
<td>1</td>
</tr>
<tr>
<td>Canada (Ontario)</td>
<td></td>
</tr>
<tr>
<td>Ontario Works</td>
<td>2</td>
</tr>
<tr>
<td>Switzerland (Geneva)</td>
<td></td>
</tr>
<tr>
<td>Temporary Job</td>
<td>5</td>
</tr>
<tr>
<td>RMCAS</td>
<td>3</td>
</tr>
</tbody>
</table>

7.5. Working environment

In the UK and the Netherlands, different types of working environment are present within the umbrella of the New Deal programs and the Work First programs. This is because the New Deal for Young people program consists of different “Options” and the Work First projects all differ from approach between the municipalities which implements them. On the other side, the Australian, Ontarian and Geneva programs all single out one type of working environment for all their participants.

In the Employment Option of the NDYP, employers from both the private sector and the public sector can register themselves as New Deal employers and therefore are connected to New Deal participants through the Jobcentre Plus. By hiring a New Deal participant, the employer then
becomes in fact a service provider in the full sense of the term. While some employers will only employ New Deal participants to fill in their vacancies, others will employ one or a group of New Dealers to incorporate to their employee base. Bryson, Knight and White (2000, in Hasluck, 2000 p.37) found with a survey of employers of the New Deal that the great majority of the placements in the service sector, with about one fifth taking place in the wholesale and retail trade industry. Most jobs tended to be manual jobs, either crafts and related skilled occupations or unskilled jobs, accounting together for 42% of the jobs (Bryson, Knight and White, 2000, in Hasluck, 2000 p.37). Some public instances, such as local governments, are also providing employment for New Deal for Young People. The participants in the program who take up a subsidized job within this governmental organisation face the same conditions as those working in the private sector. Clearly, the work-activities within the Employment Option of the NDYP can be classified in to be directly related to the regular labour market.

On the other side, The Environmental Taskforce (ETF) program of the NDYP is designed to contribute to the improvement of the local, regional or global environment (Hasluck and Green, 2007). The activities undertaken by the participants mainly pertain to conservation, for example rural maintenance, gardening, landscaping and building maintenance (Hasluck, 2000). Similarly, the Voluntary Sector Option offers the opportunity to the participant to work for a voluntary sector or charity organisation. As mentioned by Hasluck, the majority of placements provide jobs in administration, care, gardening or warehouse work. In both these Options, the work environment is much further to the regular labour market, and many of these activities are purposefully created for NDYP participants. The link with the regular labour market is thus weak, as the participants are not real employees of the organisations where they perform their activities.

The same is true for the Work Experience / Work placement Intense Activity Period in the ND25plus. As already mentioned, the participants in this work-based program take-up work usually in the community sector or in the environmental sector, resembling the type of placements which are found in the VS Option and the ETF Option of the NDYP (Hasluck and Green, 2007, p.46; and Jobcentre Plus, 2005, p.5). Nevertheless, these placements may be within the public or the private sector. However, in the case such a placement can become a subsidized job, this placement is not part of this IAP anymore and is actually considered part of an IAP on its own, the Subsidized Employment option. Thus even though some placements might be in the public or private sector, it is expected that these would be much smaller within the Work
Experience / Work Placement IAP. More detailed information on the type of activities within the Work Experience / Work Placement IAP is unavailable.

In Australia, the work-activities undertaken under the Work for the Dole program are done with public or community organisations. In fact, all activities taking place under the program must take place in non-profit or publicly funded organisations, and thus not within the private sector (OECD, 2001, p. 210). These organisations can be governmental organisations such as the local city council, or can be charities, religious institutions, or community associations and other volunteer organisation. It is clear that the Work for the Dole participants must not displace any existing work within the organisation, by for example taking over the work of someone else which was paid for their services (OECD, 2001, p. 210). A wide variety of activities can thus make up the work-activities of the program, such as maintenance and restoration of community facilities, environmental projects, landscaping, care for the elderly, the disabled and children, assistance with teaching, assistance with computers and IT, and more. The organisation providing the work-activities, the “sponsors” must, besides demonstrating that the work-activities do not displace any existing job, also demonstrate that the community supports the project, through for example partial funding of the project by the community (OECD, 2001, p. 210). It is important to clarify at this point that this co-funding by the community is not necessary to finance the project as all costs incurred by the Work for the Dole program are reimbursed to the sponsoring organisation (OECD, 2001, p.210). Clearly, seeing the requirement that the work-activities take place in non-profit organisations and must not displace any real job, the work environment of the Work for the Dole can be said to be quite far from the regular labour market. In this way the program is very similar to the Voluntary Sector Option and the Environmental Task Force Option of the NDYP.

This is also the case for the Ontario Works program, in which similar requirements are made regarding the Community Participation activities undertaken by the claimants. Ontario Works Directives #41.0 gives out the requirements a placement must fulfil in order to count as a Community Participation. Amongst others, all placements should be unpaid and take place in community agencies, public sector organisations, or in the non-profit sector. Furthermore, as in the case of the Work for the Dole, there is a clear requirement that the participant does not displace any paid work in the organisation itself or any affiliated organization. Private sector enterprises may not directly or indirectly offer, administer or supervise the program, but they are allowed to contribute financially to the programs or to provide in-kind assistance
such as equipment or materials necessary for the activities. The type of activities undertaken in Community Placement are similar to that in the Work for the Dole program, and include maintenance work, handyperson, cleaners, technology support, teaching assistant, office clerk and kitchen helper (Buchanan and Klassen, 2005, p.29). It can thus be said that those work-activities in the Ontario Works program take place in a sector which is distant to the regular labour market.

In the Canton of Geneva, those claiming the RMCAS must perform a 'mutual obligation' activity, which is defined in article 27 of the RMCAS Law to be an activity of social or environmental utility. According to the evaluation of the RMCAS performed by Cunha et. al. (2002, p.15), the mutual-obligation activity takes place in non-profit organisations or in the cantonal or communal public sector. Also, the evaluations mentions how these activities must not displace a paid job, not to replace someone absent from their function in case of maternity leave, sickness leave or in vacation (p.16). The activities must allow the organisation to offer services than it would normally not be able to provide, or to develop a special project outside the normal activities it undertakes (Cunha et. al., p.16). These activities are therefore quite removed from the regular labour market, and similar to all other activities discussed so far, except for the Employment Option in the NDYP. The activities are actually much closer than to the activities in the Temporary Job program. While this program is not an actual subsidized job program, the activities performed by the participants are somewhat closer to the regular labour market. According the legislation, all Temporary Jobs take place in the public sector, either at the cantonal, the communal or the federal level. The participants are not direct employees of these organizations, but have an employment contract with the Cantonal Employment Office. The activities performed are not as restricted as with the RMCAS, and the services of the participants in the Temporary Job program are often used to help fill in labour shortages in certain public institutions (see CEPP, 2002, p.15). It is also interesting to note that Temporary Jobs are always allocated on an individual basis and that collective measures which employed a large group of claimants in one single activity are not possible (see CEPP, 2002, p.38). To conclude, the work-activities performed within the Temporary Job program can be said to be somewhat closer to the labour market than activities performed in community organisations, but still further than those where regular employers from the private sector are involved.

The case of the Work First projects in the Netherlands is more complicated to classify for many reason. First, the 49 different projects for which information is available through the Work First Benchmark 2006 all
carried their work-activities separately, so there is much variation from project to project. Second, and most relevant here, is the particular nature of the privatized market for labour market program which makes it more difficult to draw a clear line between the private and the public sector. What does make it easier to benchmark the Dutch programs is the fact that purely voluntary or community organisations were not involved in the delivery of the work-activities within the project. In fact, the work-activities were delivered by three types of organisations: the municipalities themselves, semi-private sheltered-workplace organisations, and private employment service providers. Indeed, since 2002 it is possible, but not required, for Dutch municipalities to make use of private actors for the delivery of activation services. Table 7.1 presented in Benchmark 8 showed which organisations were the head-contractors in the 49 projects which took part in the benchmark. A third of the projects were contracted to a private provider, who in turn may have contracted-out some parts of the service delivery to other private providers. However, a quarter of the municipalities still chose to act themselves as the head-contractor of the project and in 75% of the cases a private service provider is contracted out, 12.5% of the time a sheltered-workplace company is contracted out, and only 12.5% of the time does the municipality itself provided for the activities of the project. Third, work-activities took place in Sheltered Workplace companies in 22% of the projects. The last fifth of the projects presented a combination of different work environments and could not be classified in any of the three categories above.

While it is clear that the work-activities performed at the Sheltered-Workplace is rather far from the regular labour market, this distinction is more difficult to make concerning the work-activities taking place at a private provider or at the municipality. It would be easy to assume that the work performed under a private provider would be closest to the regular labour market, but that is not always the case. Some private providers created special “factories” where Work First participants would perform the work-activities. The working environment in these activities can thus be defined as being “simulated”, even though the production work performed by the participants might have some value on the market. The same can be said for projects in which the participants would work for the municipality itself. While some projects provided the participants with a job within its regular activities, some municipalities created special work-placements for Work First participants which fell outside its regular employment needs.

Nevertheless, the Work First Benchmark 2006 did contain an indicators of the extent to which the work was closely related to the regular labour
market. In the benchmark, only 30% of the projects stated that their work-activities took place in a “simulated” work-environment, such as a factory or position created for the sole purpose of the project. The other 70% answered that their work-activities were taking place in a “real” work-environment, with conditions similar to the regular labour market. Clearly, both extremes of the spectrum in terms of type of work environment are not present in the Netherlands. On one hand, no project were only involved in community work or voluntary work activities of the type found in Ontario Works and Work for the Dole. But on the other hand, only very few participants were directly placed in a private sector company to take part of the regular activities of that company. The large majority of the work-activities found themselves in between. While some work-activities were “real” jobs within the public sector (for example doing landscaping within in the municipal department) other work-activities were coordinated by a private company (a private service provider) but were of a simulated nature (such as packaging work done in an especially set-up factory for the project). Making already a connection with the next benchmark, it is important to know at this point that only 24% of the projects gave a regular salary to the participants. This means that the 70% of the projects which defined their work-activities as being “real”, only a small proportion of them actually provided a regular employment opportunity to their participants. This is a major difference with the NDYP Employment Option, and resembles the situation in the Temporary Job program.

Benchmark 12: Process – Working environment

<table>
<thead>
<tr>
<th>Benchmark</th>
<th>Working Environment</th>
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<tbody>
<tr>
<td>United Kingdom</td>
<td></td>
</tr>
<tr>
<td>- NDYP Employment Option</td>
<td>5</td>
</tr>
<tr>
<td>- ND25+ Work Placement</td>
<td>2</td>
</tr>
<tr>
<td>- NDYP VS and EVT</td>
<td>1</td>
</tr>
<tr>
<td>The Netherlands</td>
<td></td>
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<tr>
<td>Work First</td>
<td>3</td>
</tr>
<tr>
<td>Australia</td>
<td></td>
</tr>
<tr>
<td>Work for the Dole</td>
<td>1</td>
</tr>
<tr>
<td>Canada (Ontario)</td>
<td></td>
</tr>
<tr>
<td>Ontario Works</td>
<td>1</td>
</tr>
<tr>
<td>Switzerland (Geneva)</td>
<td></td>
</tr>
<tr>
<td>Temporary Job</td>
<td>4</td>
</tr>
<tr>
<td>RMCAS</td>
<td>1</td>
</tr>
</tbody>
</table>
Benchmark 12 thus summarizes the main conclusions regarding the extent to which the work-activities take place in an environment close to the regular labour market. Since the employment option of the NDYP is taking place in the regular labour market, this program scores a 5. The score of 1 is given to the Voluntary Sector option and the Environmental Task Force option of the NDYP, the Work for the Dole, the Ontario Works and the RMCAS because they all imply voluntary / community / environmental work which is the farthest from the regular labour market. The Work Experience / Work Placement in the ND25 plus made it possible to have some regular employers involved in the work-activities, although most activities where similar to the VS and ETF options in the NDYP. This program thus receives a score of 2. The Dutch Work First programs are a more balanced mix of "simulated" and "real" work-environment so they receive a score of 3. Since the work-activities of the Geneva Temporary Job program are all taking place in the public sector, which can be here considered very close to the regular labour market, this programme receive a score of 4.

7.6. Rewards

During the time on the Employment Option, the NDYP participants are officially employed by the employer and thus receive a wage from that employer. As an indication, the minimum wage29 in Great Britain between October 2005 and October 2006 was £4.25 per hour for those aged 18-21 and those aged over 22 who started a new job with a new employer, which thus applies to most New Deal participants. However, the participants in the other two work-based NDYP options, the Voluntary Sector option and the Environmental Task Force, do not receive a wage, but receive a "Training Allowance". This Training Allowance is equivalent to their JSA benefit (£46.85 per week) while being on this option, plus a £400 additional payment which is spread over the 6 months of the program (De Giorgi, 2005). However, a few participants received a regular wage from the service provider, although this was rather uncommon (Hasluck, 2000). The participants in the New Deal 25 plus also receive a Training Allowance for taking part in the program, which is similar to the construction found in the NDYP. One of the reason why the participants do not receive the JSA benefit anymore is that in that way, they are not counted in the official statistics as claiming unemployment benefits, but rather as "employed in government employment scheme and


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In the Netherlands, three-quarter of the Work First projects in the Work First Benchmark 2006 kept on rewarding their participants with a social assistance benefit, and not a regular wage. That benefit was also in no cases supplemented by a bonus of some sort. In the 26% of the projects where a regular wage is paid out to the participants, that wage is in almost all cases equal to the legal minimum wage. Since the level of the social assistance benefit is set in relation to the net minimum wage (50% of the full-time net minimum wage for a single childless person, 70% for a lone parent, and 100% for a couple), and most participants had contract for 20-40 hours, receiving a wage was much more lucrative for the participants than receiving a benefit.

The participants in the Work for the Dole program receive a small supplementary allowance on top of their benefit payment. This is called the “Approved program of work supplement” in the legislation regarding both the Newstart Allowance and the Youth Allowance, and is set at A$ 20.80 (€ 12.69) per fortnight for both benefits (see Social Security Act art. 644AAA and 556A). Interestingly, as already mentioned in benchmark 11 on the number of hours per week of work-activities, the actual number of hours worked multiplied by the minimum wage (the training wage) will equal the amount of the benefit for both type of claimants. It should also be noted that the supplement is mean to compensate participants in the program for extra costs they would incur, such as transportation costs (Guide to Social Security Law 3.2.9.40). Additionally, as already discussed earlier, from July 2002 a Training Credit is “earned” by participating in the Work for the Dole program. The value of this credit is between A$ 500 and A$ 800 depending on the number of hours worked in the program, and is made available upon completion of the 6 months duration of the program (Nevile and Nevile, 2003, p.17). Since this Training Credit is not cashable it will not be included in the financial rewards for the participants.

The design of the Ontario Work is very similar to that of the Work for the Dole in term of the rewards. Since the rationale of the program is mostly based on the idea of ‘mutual obligation’, participants actually “earn” their

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30 Ministry of Social Affairs and Employment, Press release no. 05/213 and 05/214, December 2005.

31 The exchange rate used for the conversion is the average exchange rate over 2005 and 2006 in order to cover for the fiscal year. This is 0.61 A$/ €. Source for exchange rate: OECD (2007), Main Economic Indicators.
benefits by working a number of hours at minimum wage which would then equal the amount of their benefit. Also similarly, a supplementary allowance is available to participants in order to cover out-of-pocket costs of participation (Ontario Works Regulation 134/98 art. 55(6)). Although the legislation mentions that a maximum average of C$ 250 per month can be paid out to claimants for transportation costs and other costs, the directive speaks of a maximum average since this amount will be calculated case-by-case depending on personal needs, as the supplement covers many small expenses related to participation, such as clothing and grooming, protective clothing, security equipment and telephone expenses (OW Directive #31.0, p.25). Child care costs can be reimbursed for participating in any Employment Assistance program, and this would be included in this maximum average of CS250, or can be also reimbursed as part of the benefit level itself (see benchmark 5 on benefit level (OW Directive 31.0, p.25). Nevertheless, the usual amount paid out as a supplement for costs incurred for participating in Community Participation is C$ 100 per month (Lightman et. al, 2004, p. 31). This supplement is thus quite substantial and Lightman et. al. have mentioned that this was actually one of the most positive aspects of Community Participation mentioned by many participants (see Lightman et. al, 2004, p. 30).

The type of rewards given to participants in the Temporary Job program and the RMCAS in the Canton of Geneva are tied to the actual benefit they receive. This can be explained by the fact that the work-activities are an intrinsic part of the benefit. As an indication of the extent to which participating in these work-based programs is financially beneficial, the Temporary Job salary is compared to the RMCAS benefit, since this would be the other alternative for those refusing to work in a Temporary Job. Similarly, the RMCAS benefit is compared to its “passive” alternative, the Social Assistance benefit (see the Regulation on the implementation of Social Assistance (J.4.04.01) for Social Assistance benefit levels).

As discussed in chapter 4, the comparison of the rewards for participating in a work-based employment program will be made on the basis of the percentage in increase in income as compared to receiving only the benefit. This means that for the NDYP Employment option, wages earned will amount to about £ 136 for a 32 hour work-week, compared to £ 46.85 for those under 25 (thus applying to all participants in the NDYP). Naturally, more income tax will be paid when receiving a salary so the net difference may be different, but since the UK also gives important tax credits to workers with low salaries, the real difference may be diminished. All in all, the earnings under the NDYP Employment option
are increased by £ 89 a week and £ 76.85 a week, representing a 190% increase. This is different for the NDYP Voluntary Sector option and the Environmental Task Force and the New Deal for 25 plus, since they increase their total benefit by 35% over the course of their participation. Rewards are also high in the Temporary Job program, and by considering the alternative of the RMCAS benefit, income is increased by 275%. This program will therefore score a 5 in this benchmark, followed by the previously mentioned New Deal programs that will score a 4. The RMCAS, with its alternative being to claim social assistance, increases revenue by 123%. Both these calculations are assuming a single person. Because the reward in the RMCAS is lower than the one found in the New Deal, and this reward is in the form of a benefit and not a salary, it will therefore receive a score of 3.

Benchmark 13: Process – Reward for participants

<table>
<thead>
<tr>
<th></th>
<th>Benchmark</th>
<th>SUB-INDICATORS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rewards</td>
<td>Type of reward</td>
</tr>
<tr>
<td><strong>United Kingdom</strong></td>
<td>4</td>
<td>salary</td>
</tr>
<tr>
<td>- NDYP Emp. Option</td>
<td>2</td>
<td>benefit + bonus</td>
</tr>
<tr>
<td>- ND25+ IAP Work</td>
<td>2</td>
<td>benefit + bonus</td>
</tr>
<tr>
<td>- NDYP VS and EVT</td>
<td>2</td>
<td>benefit + bonus</td>
</tr>
<tr>
<td><strong>The Netherlands</strong></td>
<td>1</td>
<td>76% benefit</td>
</tr>
<tr>
<td>Work First</td>
<td>1</td>
<td>24% salary</td>
</tr>
<tr>
<td><strong>Australia</strong></td>
<td>1</td>
<td>benefit + bonus</td>
</tr>
<tr>
<td>Work for the Dole</td>
<td>1</td>
<td>benefit + bonus</td>
</tr>
<tr>
<td><strong>Canada (Ontario)</strong></td>
<td>2</td>
<td>benefit + bonus</td>
</tr>
<tr>
<td>Ontario Works</td>
<td>2</td>
<td>benefit + bonus</td>
</tr>
<tr>
<td><strong>Switzerland (Geneva)</strong></td>
<td>5</td>
<td>Salary</td>
</tr>
<tr>
<td>Temporary Job</td>
<td>5</td>
<td>Benefit</td>
</tr>
<tr>
<td>RMCAS</td>
<td>3</td>
<td>Benefit</td>
</tr>
</tbody>
</table>

Assuming a 26h work-week\(^{23}\) at minimum salary, the benefit of participating in a Dutch Work First project are rather small, giving an increase in revenue of 30% compared to the benefit. This can be explained by the fact that the benefit level is rather high, representing half of the

\(^{23}\) See Benchmark 11 for number of hours of work per week. Majority of programs between 20 and 32 h.
revenue of a full-time work-week on minimum wage. In addition, the large majority (76%) of the Dutch programs actually only rewarded their participants with their benefit, so no increase in income could be derived from participating in the work activities. For this reason, the Netherlands will score low on this indicator. A low score will also be given to the Work for the Dole program, which only increases income by a meagre 5%. Hence, both the Dutch and the Australian programs will therefore score a 1. Ontario Works increases revenue by almost 20% and will therefore score a 2 together with the NDYP Voluntary Sector option and the Environmental Task Force.

7.7. Sanctioning procedure

Within the input benchmark, the sanctioning legislation has been described and compared for each country. Variation in the financial impact of a sanction was demonstrated, with as little as 1% to as much as 100% of yearly benefit income being affected by a first sanction. However, the legislation might leave some room for interpretation on these sanctions in such a way that the implementation of the sanctions within the program will have an impact on the number of sanctions being used, and their effect on income for claimants. This benchmark can thus be considered one of the explanatory links between Benchmark 7, which relates to sanctions as a legal input to the program, and Benchmark 18, in which the number of sanctions used are being compared. The indicators here will be the formality of the sanctioning procedure and the amount of discretion available to the delivering body of the program in term of applying sanctions or not, and in varying the length and duration of the sanctions.

Peters and Joyce (2006) have recently reviewed the sanctioning regime found within the Jobseekers’ Allowance in the United Kingdom, which is the benefit claimed by both NDYP and ND25plus participants prior to their entry into the work-based phase of the program. As explained in benchmark 7 regarding the legislation on sanctions, two types of sanctions are present. The first type is the “employability sanctions” which are of fixed length and refer to failing to fulfil JSA or New Deal requirements (such as failing to look for work or to participate in a mandatory employment program). The second type is sanctions with regard to the reason why someone becomes unemployed (leaving a job voluntarily or because of misconduct), and those sanctions vary between 1 week and 26 weeks. The review from Peters and Joyce explained how, if there is a doubt from the New Deal Personal Advisor that a person might
be liable for a sanction of either type, a referral to the Sector Decision Makers within the Decision Marking and Appeals team is made. This Sector Decision Maker is acting on behalf of the Secretary of State to make decisions about claims and applications (DWP, 2006, NI260; and Social Security Act sections 21-25). If there is a doubt on the eligibility of the claimant to JSA, thus whether or not an “employability sanction” should be applied, this doubt will be defined as a “JSA Labour Market Entitlement Doubt” (Peters and Joyce, 2006, p. 61). As discussed earlier in benchmark 7, these types of sanctions will be the most relevant for New Deal participants. Because entitlement is being questioned, the actual payment of the benefit will be suspended until a decision has been made by the Sector Decision Maker (Peter and Joyce, 2006, p.61). The “employment sanctions” only affect those New Deal participants which are already taking part in either the NDYP Employment Option since these are actually in employment. In the case a participant voluntary leaves a job in these programs, or is fired because of misconduct, this will raise a “JSA Labour market sanction doubt”. In this case, the payment of the JSA will normally continue and will only be suspended if the Sector Decision Maker decides that a sanction is appropriate (Peters and Joyce, 2006, p.61). The length of the suspension is variable between 1 week and 26 weeks.

The application of a sanction thus involves two steps: the referral by the ND Personal Adviser of the “doubts” to the Sector Decision Maker, and the ultimate decision by the Sector Decision Maker. Peters and Joyce (2006, p.64) have shown how this leads to a reduction in the ultimate number of sanctions being imposed. In the case of variable-length sanction (“employment sanction”), these account for 86% of all sanctions since April 2000, but only 33% of these end up in a sanction being actually imposed. This could be explained by the fact that case-managers often suspect that the person in not completely unemployed because of causes external to its actions, while evidence provided to the Sector Decision Maker often show good-cause and factors which are outside the influence of the unemployed. On the other hand, fixed-length sanctions are related to failing to comply with activation conditions, which is more properly detected by the case-managers. This can explain why 61% of these types of sanctions do result in a sanction being imposed, while they make up only 14% of the total number of referrals to Sector Decision Makers.

At last, it should be noted that claimants can ask for a reconsideration of their case by the Sector Decision Maker, in which the sanction is revised, supersede or remained unchanged (Peters and Joyce, 2006, p. 66). An Appeal procedure is also available instead of or together with the reconsideration. Nevertheless, Peters and Joyce state that the
reconsideration procedure is meant to give a quicker and easier route for contesting decisions than having to resolve to and appeal tribunal. They show that in fact, in the case of sanctions due to leaving a job voluntarily, 20% of the reconsideration leads to the reduction or withdrawing of the sanction.

For New Deal participants, Peters and Joyce also mention that those in the “vulnerable group” may claim a Hardship payment during a sanction period. This group has been defined as including those with children, those who are themselves or whose partner is pregnant, disabled, chronically sick or with significant care responsibilities. The hardship payment will only experience a reduction in the rate of their payment, where allowances made for dependants are retained and the personal allowance is reduced by 40% (in case of serious illness or pregnancy this reduction will be 20%). Nevertheless, this hardship payment is only available to this group of “vulnerable” claimants and not to others.

As a reminder, two types of sanctions are present in the Australian unemployment legislation. The first type of sanction is the “Activity-Test Breach” and result in a partial reduction of the benefit for an increasing amount of time for each new breach within a two year period. The second-type of sanction refers to failure to meet administrative requirements, such as attending Centrelink interviews or reporting earned income, and is called “Administrative Breach”. This sanction lasts half a year and reduces the benefit by 16% (see Benchmark X). The case of the UK showed how decisions on sanctions are not in the hands of the case-managers responsible to the claimants, but delegated to a specialised body. This situation is similar in Australia, since most of the contact with the participants of the Work for the Dole program happens outside of Centrelink, via the Community Work Coordinator which is contracted for implementing the program. In its contract with the Department of Employment and Workplace Relation, the CWC is obliged to advice Centrelink if a participant is suspected of not fulfilling its activation conditions (Heardly et. al., 2005, p.10). This is done via so-called “Participation Reports”. Usually, within the Work for the Dole program, administrative breaches will not be the realm of the Community Work Coordinators and will thus be directly handled by Centrelink. Centrelink can naturally also discern Activity-Test Breaches for which it has information over, such as failures to look for work which must be reported to Centrelink by participants through a Jobseekers Diary. If Centrelink receives a Participation Report from a Community Work Coordinator, it then will assess whether or not a sanction should be applied or not (Heardly et. al., 2005). This creates a situation similar to the UK in which not all reporting of a failure to meet obligations is actually
met with a sanction. Specifically concerning the Work for the Dole program, it has been reported by the OECD (2001) that in 1999/2000 about 66% of the Participation Reports filed by Community Work Coordinators resulted in a sanction being imposed on the claimant (p. 178). Thereafter, the ultimate decision by the Centrelink official handling the sanction can be first challenged by the participant directly with this official in an internal review at the Authorised Review Officer, or brought an Appeal Court, either the Social Security Appeal Tribunal or the Administrative Appeal Tribunal. According to the OECD (2001, p. 183), only about 3% of imposed breaches were brought to an Authorised Review Officer (even less to the Appeal Tribunal), and on average about a third of all reviews and appeals within the three bodies resulted in a change of decision.

This distinction between the two types of breaches was meant to make a difference between cases where a person did not comply to the activation conditions (see Benchmark 6) and cases where a person failed to properly comply with administrative requirements, such as providing all needed documents and attending interviews and meetings related to the administration of the benefit. As has been noted by the OECD (2001), this distinction can however be unclear, since some of the administrative requirements of the scheme can also be regarded as Activation conditions, such as the requirement to attend an interview with a case-manager concerning steps to be taken to find work. This ambiguity has also been notice more recently by Hearldy et. al. (2005) who show how “failing to attend an interview with Centrelink or a Job Network member” was shifted back in July 2002 from being an activity test failure to being an administrative failure. They argue that this was an implicit recognition of the ambiguity-problem caused by the definitions of the two types of sanctions. Simultaneously, the application of the Administrative Failure was relaxed in July 2002, such that only a temporary suspension of the benefit was applied and a chance was given to the claimant to discuss with Centrelink the explanation behind the administrative failure. If reasonable excuses were given, the suspension was lifted and the benefit paid-back (Hearldy et. al., 2005, p. 11). The combination of shifting some cause of sanction back to “Administrative Sanctions” as well as increased flexibility in applying this sanction was said to be an explanation for the drastic fall in sanctions applied between 2001/02 and 2002/03 by Hearldy et. al. (2005, p. 14). This flexible arrangement through temporary suspensions was then extended to the Activity-Test sanctions in September 2003 (Hearldy et. al, 2005, p.14). Furthermore, the Australian Working Together reform package which came into effect also in September 2003 allowed reducing sanctions for those NSA and YA claimants which did resolve to comply with the administrative or activity-
test requirements within a certain time limit. As a result, the sanction duration will be reduced to 8 weeks instead of 13 for an administrative sanction or 26 for a first activity-test sanction (Heardly et. al. 2005, p. 12). Hearly et. al. however notify that this will not be possible for those who are believed to have deliberately failed to comply with their obligations. As a conclusion, it can be said that a reasonable amount of flexibility is available for the Centrelink official to apply the sanction legislation, as some chance is given to the claimant to give reasonable excuses for its failure to meet obligations, as well as make it possible for the claimant to reduce the length of the sanction by complying to requirements. Nevertheless, the percentage of the benefit which is being withdrawn is itself fixed and thus not flexible.

The situation in the Netherlands, because of its large degree of decentralisation, shows a great degree of flexibility in applying sanctions. Also, the degree of formality regarding the sanctioning procedure will vary from municipality. As already discussed in Benchmark X, all details concerning the level of the sanction and the situations in which a sanction can be applied is up to be set by the municipality in its Reintegration By-law. Since each municipality will have their own by-law, the rules will thus vary to a great extent. The Work First Benchmark 2006 gathered information on the type of sanctions implemented by the municipalities which took part in it, and this was already discussed in benchmark 7. Information of the procedures surrounding the application of a sanction in each project is however not available from this data source. The variation in the level and duration of sanctions used by municipalities is also confirmed in the case-study of the use of incentives in the Social Assistance scheme performed by SEOR in 2006. Similarly, the case-study of six Work First projects from the Council for Work and Income (RWI) also confirms this large flexibility lead by the national Social Assistance legislation (see RWI, 2008, p. 68, 100, 108).

The variation in procedures is also highlighted in both case-studies from SEOR and the RWI. For example, the municipality of Groningen has chosen to first make use of written warnings before sanctions are applied on the grounds of not complying with activation conditions, while written warnings are only used in case of administrative failures in Rotterdam (SEOR, 2006, p.41). In addition, Amsterdam distinguishes itself by defining two types of sanctions, serious failures and very serious failures, as well as setting up a separate body which gives non-binding referrals to case-managers regarding sanctions (SEOR, 2006, p. 41). Furthermore, the small municipality of Veldhoven acknowledges the fact that sanctions are rarely used due to the strong social control within the municipality (p.41). On the other hand, in Alkmaar and Oss, since Work First activities are
contracted out to a private service provider and this provider actually hires the participants, the sanctioning mechanisms are rather differently arranged. In Alkmaar, three warnings for unsatisfying participation are given, after which the participant is fired and rights to the benefit are withdrawn for a variable period of time (RWI, 2008, p. 68). In Oss, those unwilling to participate in the project are not eligible for the benefit for an other 3 months (RWI, 2008, p.68) The RWI case-study also reports that the participants in the Work First project of Oss are only paid for the number of hours they work, thereby sanctioning themselves if they do not show up. Furthermore, unsatisfactory participation will lead to the firing of the participant, albeit after some official warnings (RWI, 2008, p. 100). The juridical procedures involved in such a sanctioning procedure are acknowledged by the municipality of Oss in the rapport from the RWI. In Eindhoven, Work First participants are not actually becoming employees but are still claiming the benefit, which means that the regular sanctions apply: after two warnings for not being present at the work-place is the benefit withdrawn. Clearly, these two case-studies confirm the large flexibility the WWB Act has given to the municipalities in both the degree of formality of the procedure as well as ways in which the sanction are being applied.

The sanctions in the Ontario Works program were divided into two kinds: first those with regard to employability and second all other failures to meet eligibility or administrative criteria (see Ontario Works Regulation 134/98 art. 33-35). With regard to employability, a distinction was made with regard to failing to participate in an employment program and failing to accept or maintain a job. This distinction is based on the fact that only failures to accept a job offer or to maintain a job result in a fixed-length sanction. Failures to participate in Employment Assistance (including failures to look for work as this is part of Employment Assistance) and all other failures to meet eligibility or administrative requirements lead to sanctions which are revoked from the moment the conditions are again being met. This arrangement obviously gives a lot of flexibility in the application of the sanction legislation since most sanctions will be variable in length. The level of the sanction will however always be the whole amount of the benefit for a single claimant or the personal allocation of the sanctioned claimant if this claimant is part of a benefit-unit (see OW Directive #29.1 for examples of who this calculation is done). This is similar to the arrangement in the New Deal, since participants with children will never see the portion of the benefit allocated to the child being sanctioned (see above on Hardship Payments).

Decisions on whether a sanction should be imposed on a claimant and on when this sanction should be lifted are the responsibility of the case-
manager responsible for the claimant (OW Directive #29.1, p.1). A number of reports and articles by researchers of the University of Toronto in the “Social Assistance in the New Economy” research project discuss how this high level of flexibility, as well as a high degree of discretion granted to the case-managers has lead to a stringent sanctioning system (see Lightman, Mitchell and Herd, 2005; 2004a; 2004b; 2003; and Herd and Mitchell, 2002). The researchers first discuss how the new service delivery model (discussed in Benchmark 9) created a system of eligibility verification which lead to excessive information requests which were often inefficient and inappropriate (Lightman et. al, 2004a, p.9). This Consolidated Verification Process (CPV) has caused the sanctioning of claimants which were genuinely in need, but were unable to provide the appropriate information on time, information which is often went far beyond what is required to determine eligibility (Lightman et. al., 2003, p.4). In fact, according to the researchers, these administrative changes are purposefully focussed on exerting greater pressure on claimants to leave the benefit, in which “bureaucratic disentitlement” takes over from entitlement based on needs (Lightman et. al., 2005). All in all, the system of eligibility verification created a culture of policing and brought about a climate of suspicion and surveillance prevail (Lightman et. al., 2004, p. 9). The researchers have also highlighted the low level of accountability for mistakes made by case-workers when applying sanctions, such that when information given to them by claimants was repeatedly lost, or claimants were poorly treated, there was no liability for the case-workers (Lightman et. al., 2004, p.32). Since sanctions can be revoked from the moment the requirements are again being met, it seems that case-workers are quick to apply them. Lightman, Mitchell and Heard have indeed noted how case-workers often use threats of sanctioning as well as intimidation and punishments on their claimants (2004, p.26-28).

Clearly, the low degree of formality and the high level of flexibility in the legislation have contributed to introducing a harsh sanctioning procedure in Ontario. On the other hand, in the Canton of Geneva, the low degree of formality combined with a low level of flexibility in the type of sanctions to be used has created a much “softer” approach to sanctions. This can be explained from the fact that when sanctions are more seen as having an “all or nothing” consequence, and much discretion is given to the case-managers in applying them, they will less likely make use of them. Indeed, Buttel and Sol (2006) show that as the severity of sanctions in unemployment insurance benefits rose in the Netherlands, the number of sanctions imposed did not rise due to increased reluctance from the case-managers to use them. This is clearly the case for the RMCAS program, in which no real sanctioning procedure is set in the legislation. In fact, eligibility is said to start when all conditions are met and said to end
when one of the conditions is not met, and not temporary withdrawals or reductions of the benefit are made possible within this procedure. This creates an all-or-nothing situation, which has been reported by Cuhna et al. (2002) to lead to great flexibility in the interpretation of the conditions to be met. Also of importance is the fact that the obligation to participate in a ‘mutual obligation’ activity only in principle (RMCAS Law, art. 27). The interpretation of the meaning of “in principle” has been left to the case-mangers, who vary in the degree of flexibility with the application of the obligation (Cuhna et. al. (2002, p.26, 32 and 44). In fact, the flexibility in this interpretation of the obligation is seen as a way to “soften” a legal framework which is seen as rather harsh by those implementing the program (Cuhna et. al., 2002, p.33). It can thus be expected that sanctions will only rarely be applied to claimants who refuse to take part in a ‘mutual obligation’ activity.

A clear sanctioning procedure is also not in place in the Temporary Job program. As already mentioned in Benchmark 7, a refusal to accept a place on the program means that the claimant will not be eligible for the benefit. This is rather logical, since in this program, the claimant is actually hired by the Cantonal Employment Office to work for 4 days per week within a governmental organisation. The “regular employee” status of the claimant is acknowledged in article 47 of the Implementation Regulation of the Cantonal Unemployment Law. This article mentions that the labour contract between the Cantonal Employment Office and the claimant is subject to Swiss Federal labour law (Title X of the “Code des Obligations” in the Civil Code), but not to the law which applies to public servants (meaning that the claimants are not considered public servants but “regular employees”). As a result, sanctioning means will be found in regular employment legislation, such that a contract will only be able to be terminated in accordance to these rules. This is also stated in article 50 of the regulation. With regards to firing a participant who would not participate satisfactorily in the work-activities, Article 337 of Title X arranges that an employer can immediately fire an employee if it posses “good causes”. Needless to say that such a sanctioning procedure is highly formal, since it must go through a legal path, unlike sanctions that stay within the realm of social security legislations.

Clearly, while benchmark 7 had shown that the financial impact of sanctions on claimants varied greatly from program to program, so do the procedures surrounding the application of sanctions. In the case of Australia, a relatively low financial impact of sanctions is accompanied by a rather formal sanctioning procedure as well as some flexibility in adjusting a sanctions’ duration. On the other hand, sanctions in the RMCAS have a large impact on claimants, so a large amount of flexibility
is built in the sanctioning procedure. In Canada, the fact that sanctions can quickly be revoked combined with an informal procedure has lead to a harsh sanctioning mechanism. Rankings on the fairness of the sanctioning procedure, as measured as the combination of both the degree of formality and the degree of flexibility, are shown in Benchmark 14

**Benchmark 14: Process –Sanctions Implementation**

<table>
<thead>
<tr>
<th></th>
<th>Benchmark</th>
<th>SUB-INDICATORS</th>
<th>Fair sanctioning procedure</th>
<th>Degree of formality of Sanctioning Procedure</th>
<th>Flexibility in adjusting a sanction’s duration or level</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom</td>
<td>NDYP and ND25+</td>
<td></td>
<td>3</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>Work First</td>
<td></td>
<td>4</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Australia</td>
<td>Work for the Dole</td>
<td></td>
<td>3.5</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Canada (Ontario)</td>
<td>Ontario Works</td>
<td></td>
<td>3</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Switzerland (Geneva)</td>
<td>Temporary Job RMCAS</td>
<td></td>
<td>3</td>
<td>5</td>
<td>1</td>
</tr>
</tbody>
</table>

As can be seen, both the UK and the Temporary Job program combine high formality with low flexibility, resulting in a score of 3. On the other hand, the Ontario Works program combines a very informal procedure with high flexibility which also gives a total score of 3. The lowest rank is found in the RMCAS program, which has low formality and low flexibility in its sanctioning procedure. In the Netherlands, a score of 3 has been given to the formality of the sanctioning procedure because of the large variety between the municipalities. A rank of 5 on the other hand has been given to the degree of flexibility, since municipalities free to choose sanction level which is thus very flexible from a national perspective. Hence, both the Netherlands and Australia show a combination of some degree of formality and flexibility, resulting in the highest rank for the Netherlands and the second highest rank for Australia.
7.8. Radar charts and overall performance level

The design of each program also varies greatly, as seen from the radar charts from the process benchmark. Two programs score highly on all but one indicator. First, the Employment Option of the NDYP has high score overall excepted for the indicator on early-intervention. Second, the Work First projects in the Netherlands also only have one low score, but this one found within the rewards indicator. On the other side, three programs stand out for their small scores on almost all indicators. These are the Work for the Dole, the Ontario Works and the RMCAS. At last, the Temporary Jobs and the remaining two options of the NDYP (the Voluntary Sector option and the Environmental Task force) as well as the ND25+ show mixed scores, although with different focuses. In terms of both size and shape of the polygon formed by the radar chart, the VS/ETF options of the NDYP, the ND25+ and the Work for the Dole are most similar. A certain similarity can also be seen in the RMCAS, the Temporary Job program, and the Ontario Works program.

Figure 7.1 Process UK - NDYP *

Figure 7.2 Process UK - ND25plus *
Figure 7.3 Process Netherlands – Work First *

Figure 7.4 Process Australia – Work for the Dole *

Figure 7.5 Process Canada – Ontario Works *
Figure 7.6 Process Switzerland – Temporary Jobs *

Figure 7.7 Process Switzerland – RMCAS *

*Legend for the indicator labels in figure 7.1 to 7.7 (see also section 4.2)

<table>
<thead>
<tr>
<th>Label</th>
<th>Indicator</th>
<th>Sub-indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficiency in delivery</td>
<td>Mode of delivery</td>
<td>Mode of provision</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Performance pay</td>
</tr>
<tr>
<td>Early-intervention</td>
<td>Timing of start</td>
<td>Number of weeks after claim</td>
</tr>
<tr>
<td></td>
<td></td>
<td>before program starts</td>
</tr>
<tr>
<td>Length</td>
<td>Length of program</td>
<td>Number of months</td>
</tr>
<tr>
<td>Intensity</td>
<td>Hours per week</td>
<td>Hours per week all activities</td>
</tr>
<tr>
<td>Working environment</td>
<td>Work environment</td>
<td>Private for-profit</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Public/regular</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Public/simulated</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Voluntary sector</td>
</tr>
<tr>
<td>Rewards</td>
<td>Rewards</td>
<td>Amount of reward as % of</td>
</tr>
<tr>
<td></td>
<td></td>
<td>benefit level</td>
</tr>
<tr>
<td>Sanction procedure</td>
<td>Sanctioning procedure</td>
<td>Formality</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Flexibility</td>
</tr>
</tbody>
</table>
Figure 7.8 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 emerges than with respect to the input. Here, if looking at the process, one would expect the NDYP Employment Options, the Work First projects and the Temporary Job programs to have the highest rate of return to the labour market. The worse performance would be expected to be found in the RMCAS program, followed by the Ontario Works program. The ND25+, the Voluntary Sector and Environmental Task Force options of the NDYP, and the Work for the Dole would be expected to have results found in the middle range of the benchmark. The analysis of all benchmark values will be performed in chapter 11 and will show whether these hypothesis relate to the rest of the benchmark. It will also show in further detail how differences in the SMOP values of the input-benchmark and the SMOP values in the process-benchmark have an influence on the output and the impact as discussed next.

Figure 7.8 Surface Measure of Performance – Process

8. Output Benchmark

The output of a policy is the actual services it delivers to its participants. With respect to work-based employment programs, these products can be seen in terms of training provided and job search assistance received. In addition, the product of a policy can also be measured in terms of the number of benefit claimants it actually helped, no matter what the impact of this help was on their actual return to the labour market, or not. Receiving a sanction for non-compliance with the program can also be seen as an output of the policy. Hence, four indicators have been chosen in chapter 4 to represent the output of work-based employment programs. These are:
1. Training
2. Job search assistance
3. Coverage
4. Number of sanctions

8.1. Training component

In all the NDYP Options, a minimum of one day per week must be dedicated to training towards recognised certification (Hasluck and Green, 2007). This training can be done in-house or provided by an external provider. Furthermore, the participants are expected to continue their job search activities while on the Employment Option and this should be facilitated by the employers, such that free time can be taken to attend interviews (DWP, 2007, provider guidance). Concerning the ND25plus, one or two days a week is also reserved for training. Similar to the NDYP, external providers can be contracted out to provide this training. Moreover, a training component can be added to the program by combining the Work Experience/Placement opportunity with another IAP which is focused on basic skills training.

In the Dutch Work First projects included in the Work First Benchmark 2006, significant is the fact that a quarter of the projects do not specifically require the participants to spend a specific amount of time on training and job search activities. This can be seen from Table 7.3 which was presented in benchmark 11 on the number of hours per week required in the programs. No requirements besides work-activities means that training would be an integral part of the work-activities to be undertaken, in other words, on-the-job training. Nevertheless, Table 7.3 showed that a third of the projects offered the standard package of three or four days of work and one day of training and activities related to job search, where two-thirds of these were of the "three days work, one day training and job
search training" kind, for a total of 32 hours per week. From the data available on the Work First projects in the Netherlands, little is known about the specific type of training which is given, and especially whether this training leads to recognised qualifications. But in general it is clear that training is less of a formal requirement in Work First projects in general than what is seen in the UK. The Dutch Work First programs should therefore score lower than the New Deal programs.

The Work for the Dole program does not contain any training component nor any activities related to learning skills needed for finding a job (OECD, 2000, p. 209). The Community Work Coordinators receive a small budget for covering the costs created by participants, such as tools and work-clothing. A small part of this budget may be allocated by the Community Work Coordinators to training, but this sum is minimal. As illustrated by Nevile and Nevile (2003, p.75), the federal guideline is that up to 12% of the Work Experience Fee can be spent on training, which amounts to A$198 to A$252 in total for each participant, depending on the area. In fact, according to surveys, 95% of the Community Work Coordinators would like to be able to give more training and job search assistance to their participants and 65% said that if it was not for the federal guideline they would spend more on training even if it meant they would have to pay for it themselves (Nevile and Nevile, 2003, p.76). Nonetheless, with regard to training, the Australian Working Together reform package implemented in 2002-2003 created a Training Credit available for those participating in the Work for the Dole (Budget 2001-2003). The value of this Training Credit is A$ 500 to A$ 800 depending on the area, (€ 305 to € 488) which is made available to them upon completion of the program (Nevile and Nevile, 2003, p.75). This training credit, while being a valuable addition to the possibilities within the Customised Assistance program (it must be used within a six months period), cannot be used during the Work for the Dole.

In Geneva, the legislation on the Temporary Job program clearly states that the participants should spend four full days in the job and that one day per week should be reserved for job search or training (Cantonal Unemployment Law, art. 40). Article 49 of the Regulation for Implementation of Cantonal Unemployment Law states that the participants must continue job search while in the program, conform to the directives given by the Agency. The precise way the one-day-a-week requirement for job search and training will filled will therefore vary from participant to participant. The evaluation of the CEPP has however noted how the day allocated for job search and training is not truly used by the jobseekers, and that it is neither stimulated nor controlled by the case-managers (CEPP, 2002, p.37). They also noted that only a very small part
of the participants were taken part in training, that is to say 12 person in 2000 and 63 in 2001 (CEPP, 2002, p.38). A low score should thus clearly be given to this program.

Concerning training activities within the RMCAS, a one-time “Insertion Allowance” is available for each claimants for the purpose of either 1) vocational training, 2) creating an own business, or 3) active labour market programs. The amount of this allowance is between CHF 1000 and CHF 10 000 (~€ 640 to € 6400). However, the legislation is very specific in that these activities must be related to a realistic and realisable plan (see article 29, RMCAS Law). Also, this allocation is not automatically handed out to all RMCAS claimants – thus cannot be seen as a voucher – but is only available to those who present a written demand accompanied with a clear description of the project and a detailed budget (RMCAS Law, art. 30). A special commission, nominated by the Canton of Geneva State Council, reviews the demands for the Insertion Allowance and its decision is binding for the Hospice Général who delivers the RMCAS (RMCAS Law, art. 31). Clearly, the precise amount of time spend by participants in the RMCAS in the activities funded by the Insertion Allowance will vary from case-to-case, and it is even so that not all claimants receive this allowance. In fact, the only available figures on the number of allocations which were disbursed refer to the years 1997 and 1998, in which only respectively 37 and 22 claimants received the allocation (Cuhna, 2002, p. 27). It should also be noted that this allocation is only given out once, such that if the “project” does not lead to finding a job, no other chances are given to start a second “project” (see also Cuhna, 2002, p. 35 on this issue). Thus although on paper it may seem that the RMCAS provides for a sensible amount of training, seeing the fact that all responsibilities are less in the hand of the claimants to prepare a realistic training project and seeing the lack of involvement from the Hospice Général in providing internal training activities, the program will receive a low score on this benchmark.

Within the Ontario Works program, the type of activities undertaken under the second heading of “other employment measures” varies from claimant to claimant. These services are grouped under two categories: 1) Employment-Support Activities and 2) Employment Placement and Support to Self-Employment (Provincial Auditor of Ontario, 1998 and 2002). The OW Directive #6.0 states that claimants will be required to participate in the activities that support the shortest route to employment, and that these requirements should reflect the claimant’s experience, skills, circumstances as well as the local labour market (p.6). Since

33 For exchange rate: see footnote 18.
claimants are required to perform job search as part of their activation conditions, job search support will be provided to the participants, either in the form of assistance in independent search or as part of a structured job search program (OW Dir. #6.0 p. 11). If not required to participate in Community Participation after some months in job search, other employment measures might be made mandatory, but only in cases where this will lead to a shorter route to employment than otherwise, thus rather restricted. Hence, basic education and job-specific skills training will only be given on the basis of referral for which a screening procedure will have shown the need for further training (p.12). Furthermore, the OW Directives #40.0 the more costly Employment Assistance programs, such as employment placement (direct job placement) and supports to self-employed, should be reserved for those who are not likely to find employment without this help. As can be seen, the training component of the Ontario Works program follows a typical “Work First” strategy where resources should be spent only when these can significantly increase the speed at which the claimant will be able to find a job. In this approach, any job is better than no job. No job implying receiving a benefit and taking part in often costly employment program, one can also translate this by saying that any job is better than costly training programs.

Benchmark 15: Output – Training Component

<table>
<thead>
<tr>
<th>United Kingdom</th>
<th>Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>NDYP Options</td>
<td>Training</td>
</tr>
<tr>
<td>ND25+ IAP</td>
<td>5</td>
</tr>
<tr>
<td>The Netherlands</td>
<td></td>
</tr>
<tr>
<td>Work First</td>
<td>3</td>
</tr>
<tr>
<td>Australia</td>
<td></td>
</tr>
<tr>
<td>Work for the Dole</td>
<td>1</td>
</tr>
<tr>
<td>Canada (Ontario)</td>
<td></td>
</tr>
<tr>
<td>Ontario Works</td>
<td>2</td>
</tr>
<tr>
<td>Switzerland (Geneva)</td>
<td></td>
</tr>
<tr>
<td>Temporary Job</td>
<td>2</td>
</tr>
<tr>
<td>RMCAS</td>
<td>2</td>
</tr>
</tbody>
</table>

Benchmark 15 summarises the finding above in ranking the programs according to the intensity and quality of their training component. Only in the New Deal program is there a clear requirement to provide training for at least one day per week to the participants, and where this training
component is not only on paper but is being implemented throughout the program. For this reason, both New Deal programs will receive the highest score. On the other side, it was clear from the design of the Work for the Dole program that it is not meant to provide any direct training to its participants, although surely some training is part of the work-activities. Nevertheless, because no formal training is part of the program, this program will receive the lowest score of 1. Because of the case-by-case nature of the training in both Swiss program, as well as the very small evidence training is actually being undertaken within the programs, both will also receive a score of 2. A score of 2 will also be given to the Ontario Works programs, since it is clear that training will only be provided if it can be proven that the participant needs this training. Because of evidence that this test is rather restrictive, such that only persons whose need of training is pressing, it cannot be considered that all participants will receive formal training as part of the program. At last, the most Work First programs offered some type of training as part of their program. However, the extent to which this training lead to recognised qualification is unknown. Also, the data available points towards a mix of training and job search activities as a counter-part to the work-activities, which could mean that job search would take-up the largest part of this component. Hence, the Work First programs also receive a score of 3 for this benchmark.

8.2. Supervision and Guidance

In numerous evaluations of work-based employment programs, the crucial role of the supervision and guidance of participants has been shown to have major impact on the results of the program (see Ochel, 2005, for a survey of evidence). Chapter 3 has indeed shown how intensive guidance can have many positive effects on the participants and therefore assist in leaving the program to join the labour market. In all countries, two different level of supervision are present in the program. First, the participants are followed by their case-manager at the public body which delivers the benefit. This level of supervision will first be discussed for each program. Second, the participants also receive supervision and guidance from the actual service provider who is responsible for the delivery of the program. This will be discussed afterwards. Also, where relevant, the number of hours which is reserved in the program for job search activities will be presented. These three elements, supervision from public body, supervision from program provider, and portion of the program dedicated to job search activities will thus make up this benchmark on the extent of the supervision and guidance of the participants in their return to the labour market.
In the United Kingdom, each participant of the NDYP and ND25plus will be assigned a New Deal Personal Adviser at the Jobcentre Plus, which will remain their first contact person throughout each stage of the program (Jobcentre Plus Provider Guidance, 2007, par. 27 and 59). This personal adviser is responsible for tracking the progress of the participant and is the contact person for the service provider of the Option or Intense Activity Period program in which the participant is taking part. Usually, there is contact between the ND participants and the ND Personal Adviser every two weeks, as this is a requirement for claiming Jobseekers Allowance (Jobcentreplus, 2007).

Since the Building on the New Deal strategy launched in 2004, more flexibility has been given to the options in the NDYP. Mainly, the options should not anymore be seen as exclusive choices for the participants but rather form a “menu” from which combinations can be made. The New Deal participants and the New Deal Personal Adviser then choose what the best combination of activities will be. As pointed out by Walter and Wiseman (2003), no clear criteria for allocating the individuals really ever existed. This means that the New Deal Personal Adviser, in the context of the NDYP, has very much influence on the content of the program for each of its jobseeker. The importance of the role of the New Deal Personal Adviser is also very large for the New Deal for 25 plus. In fact, Wilkinson (2003) has shown that ND Personal Advisors follow three models of delivery for the Intense Activity Period. In the modular approach, the New Deal Personal Adviser selects an appropriate package of activities from one or different provider to coherently be undertaken by the participant, while in the routeway and the combination approach, the New Deal Personal Adviser will agree with one service provider on the general direction of the IAP and will leave the choice of the specific activities to the service provider (Wilkinson, 2003). While the choice of the activity is therefore delegated by the personal adviser to the service provider, the actual supervision of the participant is still done by the New Deal Personal Adviser. It has indeed been shown by many studies that the relationship between the participant and its personal advisor is one of the most decisive in the success of the New Deal for Young People program (see Hasluck and Green, 2007, p.145).

In Australia, the introduction of the Active Participation Model in July 2003 had significant impact on the referral process of participants for the Work for the Dole program. Instead of being referred by Centrelink through a computerised referral system, referral to a Community Work Coordinator is done by the Job Network member who was providing services to the jobseeker in the three months preceding mandatory participation in Work for the Dole (Nevile and Nevile, 2003, p. 134).
However, according to the Australian Council of Social Services (2002, p. 61), the Job Network member is not responsible for the participant anymore once he/she enters the Work for the Dole program. The possible reason given by the ACOSS is that there would then be an incentive for the Job Network member to inappropriately refer its hard-to-place clients to the Work for the Dole program. Case-management at the governmental level is thus the sole responsibility of Centrelink. However, Centrelink only takes care of initial eligibility and tracks the activation efforts of the claimants in terms of job search or participation in employment programs (See OECD, 2001, p. 172-173). But the tracking of job search efforts directly by Centrelink is also dropped when the claimant is handed over to a Job Network member after 3 months of unemployment, and this tracking should then be performed by the Job Network member through an Activity Agreement (OECD, 2001, p.174).

In addition, as illustrated by the Australian National Audit Office (2007, p. 29), the role of Centrelink within the Work for the Dole program is limited to approving the Preparing for Work Agreements which have been updated by the Community Work Coordinator responsible for the participant, and reviewing relevant information with respect to meeting the program’s requirement, as provided by the CWC. Clearly, claimants fall in a monitoring black-hole when their Job Network members refer them to a Community Work Coordinators, and supervision and guidance by a government body is thus nearly inexistent in the program. This has also been observed by Nevile and Nevile (2003, p. 148).

In the Netherlands, case-managers within the municipality are responsible for the supervision of Social Assistance claimants. However, as already mentioned in benchmark 13 concerning the type of rewards to the participants, about a quarter of the project actually give a salary to their participants. Often, these participants are hired by a private provider for the duration of the program. The consequence of such a design is that the participants in these programs are not anymore claiming a Social Assistance benefit, which means that in almost all cases all monitoring and guidance will be discontinued by the municipality. For the 76% of the projects where eligibility to the benefit is maintained, the municipality will usually continue to give some case-management to its participants, although the intensity of this case-management might be diminished and partially handed-over to the service provider. The precise extent of the intensity of the case-management done by the municipality itself was not registered by the Work First Benchmark 2006. In the six cases studies undertaken by the Council for Work and Income (2008) is this variation in involvement from the municipality confirmed. The type of supervision by the municipality found in these case-studies can be summarized by the following (RWI, 2008):
• Alkmaar: Participants are hired by Sheltered-Workplace, they are not anymore part of the caseload thus there is no direct case-management from the municipality after the placement in the project (p.69).

• Alphen aan den Rijn: Participants are handed over to a Private Provider (not hired) who also takes over all case-management after the placement (p.77-78).

• Hoorn: One project where participant are hired by Private Provided and where there is no role for the municipality (p.86), one project where the municipality remains more involved in case-management (p.86).

• Meppel: Participants are not claiming the benefit, municipal case-managers do not have direct contact with participants, but the municipality does have some contact with work-supervisors at the Sheltered-Workplace (p.95).

• Oss: Private provider hires the participant and the municipality is not involved in case-management (p.98).

In Ontario Works, the case-worker within the Delivery Agent remains the main the central contact-person for claimants throughout the entire period in which they receive a benefit. The OW Directive on Community Placement mentions that regardless of the delivery approach, the delivery agent should take an active role in promoting community involvement and the development of community placements (p.6). After an initial take-up interview with a case-worker, Ontario Works claimants must report any changes in circumstances every months, including change in income or participation in Employment Assistance, although this does not have to happen in person and can be done through handing in forms (see Lightman et. al., 2004, p.14). OW Directive #43.0 also mentions how participation requirements are updated every three months to review participation and Employment Assistance and a new Participation Agreement is completed. Buckanan and Klassen (2005, p.10) explain how similar to the Work for the Dole, the case-worker is not involved anymore with the participant, but the service provider is the one in charge for supervision and guidance. Clearly, the intensity of the case-management in the Ontario Works program is very low. It has indeed lengthy been discussed by Lightmand, Herd and Mitchell (2004a, 2004b, 2005) that the case-management within Ontario Works is very much oriented towards controlling fraud (making sure claimants have income under the threshold) and must less towards helping them find a job.

Similarly, the government bodies responsible for the Temporary Job programs and the RMCAS also only offer limited supervision and guidance to their participants. With respect to the Temporary Job
program, the Cantonal Measures Services within the Cantonal Employment Office which takes over the case-management of UI claimants who have exhausted their rights to UI. They will then offer them a Temporary Job, which they cannot refuse, nor choose (see art. 45 Regulation on the implementation of the Cantonal Unemployment Law). The evaluation of the Temporary Job program by the CEPP (Public Policy External Evaluation Commission) in 2002 highlighted the lack of supervision of participants as one of the major failure of the program (p. 1). The evaluation explained this partially by the unrealistically large caseload attributed to each case-manager, which averaged around 300 to 800 claimants (CEPP, 2002, p. 43). This lead to unsystematic and incomplete follow-up on each cases (CEPP, 2002, p.43). The failures in terms of supervisions were also made noticeable by the lack of proper recording in each claimant’s files, which made it impossible to clearly follow the claimants’ path within the benefit system.

Regarding the RMCAS, the case-manager at the Hospice Général is responsible for the supervision of the claimants. On average, each case-manager within the Hospice General had a caseload of 50 clients (Cunha, 2002, p. 61). Besides determining eligibility and disbursing benefits, the case-manager is responsible for finding a ‘mutual obligation’ placement for the claimant and taking care of the monitoring of the client while in its ‘mutual obligation’ placement (Cunha, 2002, p.19). However, the type of assistance given by the case-manager varies greatly from one case-manager to the other, as their large degree of autonomy creates a poorly formalized work-methodology (Cuhna, 2002, p.41). Hence, while there seemed to be a directive that claimants should be met every six weeks, the implementation of this rule is very flexible and varies from weekly meetings with some claimants to meeting once or twice a year with other claimants (Cuhna, 2002, p. 43). Concerning job search assistance within the RMCAS, while the legislation requires claimants to perform job searches throughout their claim period, this has not been implemented by the Hospice Général since they are not responsible for job search assistance and other labour market policy. These responsibilities are given to the Cantonal Employment Office, and in principle, claimants must be registered at this office as a job seeker. However, it has been noted by Fluckiger and Vassiliev (2005, p. 10) that there is not contact between the Hospice Général and the Cantonal Employment Office and that no coordination between these two is taking place. It can be concluded from this that no job search component is truly being implemented in the RMCAS program.

A second level of supervision is present for the participants in work-based employment program. Indeed, in all programs in this benchmark
participants are also being supervised by the organisation where they
perform their work-activities. An extensive supervision within the work-
based activities could therefore explain, and maybe compensate, less
extensive guidance from the government level responsible for the
program. However, precise information on the type of supervision
supplied by the implementing organisations is very scarce, due to the
scattered nature of these organisations in each program. Indeed, in each
program taking part in this benchmark, hundreds of service providers are
involved in the direct contact with the participants. Nevertheless, in some
programs, guidelines are available in which the minimum requirements
are set concerning the supervision of participants.

In the Work for the Dole program, projects are funded on the basis of a
maximum of 15 participants per supervisors (Nevile, J.W. (2003), p.5). In
terms of quality of supervision, a survey and several interviews
conducted by Nevile (2003, p.5) showed that Community Work
Coordinators are highly committed to the success of the program for their
participants. In fact, even though the program does not have the explicit
aim that participants should find employment, this is an implicit aim of
many Community Work Coordinators. This means that in practice, many
supervisors go to great lengths in order to help their participants find a
job, or solve some of their barriers to work. Nevile has therefore
highlighted the quality of the supervision and guidance by the private
provider to be one of the most crucial determinants of the results shown
by the Work for the Dole.

In the RMCAS, in order to be accepted as a ‘mutual obligation’ placement,
sufficient supervision of the claimant must be present within the
organisation, and the participants must be treated similarly to the other
regular employees or volunteers (Cunha, 2000, p.16). Nevertheless, as
evaluated by Cunha (2000, p. 49), the quality and intensity of this
supervision varies greatly in reality, even though this is part of the
contract between the host organisation and the Hospice Général. In
addition, Cunha reports evidence of some host organisations refusing to
accept some participants because of the high level of supervision they
would require (p. 49).

In the Netherlands, the variation in the type of supervision within the
work activity will vary greatly as each municipality has freedom to set
different requirements for their service providers, and that in some cases
much freedom is given to the provider resulting in little information being
available on an aggregate basis. A survey of Work First participants in
which 75 participants took part showed that 64% of the respondents had
the possibility to have individual meetings with a coach or case-manager
(RWI, 2008, p.37). This can be considered a rather high level of supervision within this benchmark. Nevertheless, 25% of the respondents indicated that their supervision only consisted of on-the-job supervision (RWI, 2008, p.37).

Within the New Deal program, supervision is provided by the Option or Intense Activity Period provider to participants. The Provider Guideline from Jobcentre Plus requires that NDYP Option providers assign a Personal Tutor to each participant, which will be responsible for setting a Learning and Development Plan with the participants and monitoring this plan at least every month (2007, par. 21). Within the ND25plus, Jobcentre Plus actually remains the most important supervisor for participants; leaving less guidance responsibilities to the provider (see Jobcentre Plus Provider Guidance, 2007, par. 28-39). The provider should nevertheless provide complementary supervision of its participants, and is responsible for revision and looking for refinements of the Action Plan which has been drawn between the New Deal Personal Advisor and the participant (Jobcentre Plus Provider Guidance, par. 35). However, the Provider Guidance document is clear to state that any changes to the Action Plan must however be approved by the ND personal advisor.

At last, the Ontario Works Directives which guide almost all aspect of the delivery of the program and the implementation of the Act does not set any requirements in term of supervision of participants in Community Placement. While as mentioned above supervision of the participants is usually handed down to the program provider by the Ontario Works caseworker, there is no information publicly available on the actual guidance and supervision received by the participants. This lack of information in both official program documentations, such as Ontario Works legislation and directives, as well as from research reports and academic papers from Lightman, Mitchell and Heard will thus be interpreted here as a sign that very little supervision in terms of assistance towards finding work and removing barriers to work.

As can be seen, the depth of information which is available on the direct supervision of participants by service providers implementing the work-activity is very superficial. One explanation for this is that contracts between the providers of the work-based activities will vary greatly even within single projects. Furthermore, these contracts are not often made available publicly. Nevertheless, evidence from official guidelines and evaluation reports on both the level of supervision from the government as well as supervision from the service provider give enough information to make a qualitative comparisons of the programs benchmarked. This can be found in Benchmark 20.
One remarking finding from this section has been that most programs do not clearly build a time-period in their programs for Job search activities. Most of the time, this is either included as part of the time allocated for training (see the previous benchmark) or assumed to take place in the participant’s own time. This is noteworthy since most programs take-up a large part of the working week. Nevertheless, it can be understood from all programs that case-managers are meant to verify job search efforts while the claimant is taking part of the program, and that they will continue proposing vacancies to the claimants as part of the regular job search assistance they provide to most claimants. Nevertheless, due to lack of clear data, this indicator will not be added to the calculation of this benchmark. Benchmark 20 shows the scores for the two sub-indicators, and for the overall score for this indicator.

**Benchmark 20: Output – Supervision and Guidance**

<table>
<thead>
<tr>
<th>Sub-indicators</th>
<th>Supervision and Guidance</th>
<th>Intensity of supervision Government body</th>
<th>Intensity of supervision Delivering agency/provider</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>United Kingdom</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NDYP Options</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>ND25+ IAP</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td><strong>The Netherlands</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work First</td>
<td>3</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td><strong>Australia</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work for the Dole</td>
<td>3</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td><strong>Canada (Ontario)</strong></td>
<td>1.5</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Ontario Works</td>
<td>1.5</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td><strong>Switzerland</strong></td>
<td>1.5</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Temporary Job</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>RMCAS</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

With respect to supervision and guidance, both New Deal combine high levels of supervision from the New Deal personal adviser and the supervisor within the different work-activities, with the NDYP scoring highest on both elements and ND25plus scoring a 4. This lower score of the ND25plus is attributable to the delegation by the Personal Adviser of the choice of the activities to be undertaken to the service provider, while at the same time service provider only provide complementary
supervision for the participants since the personal advisor remains the main supervisor for the participant. Both the Dutch and the Australian program combine low levels of case-management by the public body with higher level of supervision from the service provider, although Australia does this in a more contrasting manner than the Netherlands. Both these programs therefore score on average a 3. At last, because of the very low level of supervision in both elements, the Ontario Works program and both Swiss programs receive the lowest score. Even though some case management is present from the public body, this is very limited. In the case of the Ontario Works program and the Temporary Job program, no evidence of supervision within the work-activities lead to the conclusion that these are nearly inexistent.

8.3. Coverage

As an indication of the extent to which this program will be able to achieve the more general objective of reducing caseloads, the number of yearly participants in each program as a percentage of all claimants will be compared. This will allow comparing the relative size of each program, putting other indicators of output and impact into a more realistic context. The larger the coverage of the program, the bigger its impact will be on unemployment benefit claimants. As a result, the score for the output benchmark will be larger when a program has a large coverage rate. In order to make this indicator comparable, the total number of participants within one year will be measured, as some programs vary in lengths. Data is however not often provided in these terms, so some calculations will be necessary with some programs in order to obtain comparable figures. As with the rest of the benchmark, the data will refer to the year 2006.

In the United Kingdom in the year 2006, 182,490 persons started a spell on the NDYP and 94,950 persons started a spell on the ND25plus (DWP Tabulation Tool, 2008). It should be noted that these figures relates to start of spells in the program, and not the number of individuals who started the program. Indeed, if participants do not exit to work while taking part in either one of the program, they will exit the program for a while and then become eligible for a second spell in the program. Figures from the Department of Work en Pensions relating to “individuals” will only take into account their first start in the program, and not their subsequent spells. Using this figure would thus lead to underestimating the actual number of person who started the program in 2006. In terms of individual starts in the program, the numbers are 163,220 for the NDYP
and 91,790 for the ND25+ (DWP Tabulation Tool, 2008). From this we can conclude that about 10.6% of the NDYP spells start and 3.3% of the ND25plus spells start were actually second or subsequent spells for some individuals. This “revolving door” issue will further be discussed in the impact-benchmark. These figures on starts on the New Deal programs were only given as an indication since this doesn’t give direct information on the number of person taking part in the work-based activities of the programs. Both the Gateway as well as the Follow-Through are included in these figures and should not be, as these are not part of what is defined here as work-based employment programs. Table 8.1 and 8.2 show the average number of participants each month in the various Options or IAP between May 2006 and May 2007 for each benefit.

Table 8.1 The NDYP participants per Option, Monthly Average May 2006- May 2007.

<table>
<thead>
<tr>
<th>Option</th>
<th>Participants Monthly</th>
<th>In % of all Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment Option</td>
<td>1,235</td>
<td>7 %</td>
</tr>
<tr>
<td>Environmental Task Force</td>
<td>2,821</td>
<td>15 %</td>
</tr>
<tr>
<td>Voluntary Sector option</td>
<td>5,502</td>
<td>29 %</td>
</tr>
<tr>
<td>Full-time education and training</td>
<td>9,248</td>
<td>49 %</td>
</tr>
</tbody>
</table>


Table 8.2 Number of participants per IAP, monthly average May 2006 to May 2007.

<table>
<thead>
<tr>
<th>IAP Activity</th>
<th>Participants Monthly</th>
<th>In % of all IAP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subsidized Employment</td>
<td>440</td>
<td>3 %</td>
</tr>
<tr>
<td>BET / BS</td>
<td>2,070</td>
<td>16 %</td>
</tr>
<tr>
<td>Self Employment</td>
<td>1,241</td>
<td>10 %</td>
</tr>
<tr>
<td>Education and training opportunity</td>
<td>390</td>
<td>3 %</td>
</tr>
<tr>
<td>Work Experience / Placement</td>
<td>5,245</td>
<td>40 %</td>
</tr>
<tr>
<td>IAP Training</td>
<td>3,581</td>
<td>28 %</td>
</tr>
</tbody>
</table>


From the beginning of the New Deal for Young people, it was clear that the Employment Option would be the most effective at returning the participants to the labour market, and hence a larger proportion of participants should take part in this Option. It was initially planned that
the proportions of those going to the option would be as such: 40% to the Employment Option, 25% to the Full-time education and training, 25% to the Environmental Taskforce, and 10% to the Voluntary Sector option (Philpott, 1999). However, already in January 1999 the proportions were instead: 22% Employment Option, 50% Full-time education and training, 13% Environmental Taskforce and 15% Voluntary Sector option (Philpott, 1999). The most obvious explanation for the much lower level of participation in the Employment Option and much higher level in the Full-time Education and training option, as explained by Philpott (1999), to be the fact that most participants of the NDYP did not meet the basic criteria set by employers. This implied that most participants did not have the required level of qualification for the jobs and thus went to acquire these qualifications in the Full-time Education and Training option. In addition, for the year between May 2006 and May 2007, the non-work based option (full-time education/training) of the NDYP increased in proportion, while the regular labour market work-based Options decreased (Department for Work and Pension, Tabulation Tool, 2008). Also, the proportion of those on the Environmental Task Force and the Voluntary Sector option stayed rather stable over that period of one year (Department for Work and Pensions, Tabulation Tool, 2008).

The actual number of participant in the Options or IAP on a yearly basis is not directly available from the Tabulation Tool. Since participants spend more than one month in the program, a simple multiplication of the numbers would not lead to the correct number. Complications are also brought in by the fact that participants may also leave the Options before termination, so that assuming that participants all spend 26 weeks in the Option or 13 weeks in the IAP would also lead to overestimations. Nevertheless, with the use of other data provided by the Tabulation Tool, an approximate yearly number of Option and IAP participants can be derived, namely in withdrawing those who exit the program before the Options/IAP in the year 2006 from those who started a spell in that year. Doing this gives an approximation of 56,680 participants in the NDYP Options and 36,590 participants in the ND25plus in the year 2006. Using the ratios calculated above for each Options and IAP, the number of participants can be given for each of the work-based Options (Employment Option, Environmental Task Force and Voluntary Sector) as well as in the work-based IAP (Subs. Employment, Work Experience/Placement, and Self Employment). These are: Employment Option, 3,968; ETF: 8,502; VS: 16437; and for the ND25plus: Subs. Employment, 1,098; Self Employment: 3,659; and Work Experience/Placement: 14636.
In terms of coverage, the total number of Jobseekers Allowance claimants in the year 2006 is also not directly provided by the Department of Work and Pension. What is provided is a total number of claimants, which is found to be on average 689,425 for the year from May 2006 to 2007. This number refers to the income-based Jobseekers Allowance, as the contribution-based benefit could be seen as a separate benefit type to which the New Deal is not targeted. This will make better comparisons with the other programs where a clear distinction between Social Assistance and Unemployment Insurance is made. Coverage rates will therefore be calculated using yearly participation figures as presented in the previous paragraph, as a percent of this yearly average number of claimant. This calculation would be the most reliable estimate that can be made with the data provided by the DWP and will also be comparable to coverage rates in the other programs in this benchmark, although measured on a monthly basis and not a yearly basis. As a result, the coverage rate for the New Deal work-based programs is: NDYP Employment Option, 0.6%; the NDYP Environmental Task Force and Voluntary Sector option, 3.6 %; and the ND25plus work-activities IAP 2.8%. Clearly, the work-based portions of the New Deal programs are very small, totalling together around 7%, much smaller than any other program in this benchmark. One explanation for this is that while the New Deal is a large program, most claimants leave within the first phase of the program, the Gateway, which is not work-based and therefore not included in this benchmark. Even within the second phase of the program, not all choices of activities within this program can be considered to be work-based, which contribute to diminish even more the total number of participants to be measured in the coverage rate. It should be added that since the data on the total number of JSA claimants refers to a yearly average, a similar situation arises to that of the Ontario Works program (see bellow), where the true total number of person who went through the program might be underestimated. In the case that many claimants would stay very shortly in the benefit, the coverage numbers would be overestimated. This would mean that an even smaller number of claimants would take part in work activities as part of all of those who went thought the benefit in a year.

The total number of participants in the 49 Dutch Work First project which took part in the Benchmark in 2006 was close to 9,000 (three projects did not provide a figure for this indicator) (Work First Benchmark Database 2006). The variation in the size of each project was large, with as little participants as 5 over the course of the year, and as many as 750. Nevertheless, one-third of the projects counted between 100 and 200 participants (Work First Benchmark Database 2009). Most projects seem thus rather small, which is confirmed when the size of the projects
compared to the size of the whole claimant population within each municipality. As shown in table 8.3, the number of participants over the year 2006 was less than 10% of the total number of benefit claimants in a large majority of the municipalities. Coverage was greater than 20% only in 17% of the projects. It should be mentioned at this point that these relatively low participation levels in Work First projects does not mean that most claimants are not receiving any employment assistance. As discussed by Sol et. al., 2006, most municipalities also offer other employment programs to those who do not take part in the projects.

Table 8.3: Relative size of the projects

<table>
<thead>
<tr>
<th>Relative Size</th>
<th>Frequency in the 49 projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 10% of total number of SA claimants</td>
<td>58%</td>
</tr>
<tr>
<td>Between 10-20% of total number of SA claimants</td>
<td>25%</td>
</tr>
<tr>
<td>More than 20% of total number of SA claimants</td>
<td>17%</td>
</tr>
</tbody>
</table>


In Australia, in the year running through June 2005 to June 2006, 446,087 person were claiming Newstart Allowance (aged 21 and above), and 77,380 claimed Youth Allowance (other) (aged under 21 and looking for work) (DEWR, 2006). Out of these claimants, a total of 87,118 participated in the Work for the dole program (DEWR, 2006). This is thus equal to about 17% of all unemployment assistance claimants in that year, a considerable proportion. Data from the Department of Employment and Workplace Relations (2006c) shows that more than a third of the Work for the Dole participants are young unemployed people aged less than 25 years old, a target group similar to the participants in the NDYP in the UK. Moreover, a majority of the participants have been unemployed for more than two years (DEWR, 2006c). Strikingly, only a quarter of the participants in the program are taking part at the time which the program is actually designed to take place at, that is to say, between the 6th and the 12th month of unemployment (DEWR, 2006c).

Data on number of claimants and number of total person supported by the Ontario Works benefits are provided quarterly by the Ontario Ministry of Community and Social Services in the Ontario Social Assistance Quarterly Statistical Reports. In 2006, the average caseload claiming an Ontario Works benefit was 199,822. Similarly to the situation seen earlier in the United Kingdom, this number does not however reflect
the total number of claimants within one year. Some claimants might have left within one year period, which would mean that an average number would underestimate the total number of person who took claimed the benefit in that year. Nevertheless, as will be shown in the impact benchmark, exit rates out of the benefit are very small for the first year of claim, meaning that this underestimation might be smaller than expected. Unfortunately, the ministry does no provide more detailed data on the caseload. With regard to the work-based employment program, no official provincial data is available on the number of participants in the Community Placement program. Nevertheless, a study of employment program by Buchanan and Klassen in 2005 provides some indications on the break-down of the caseload between the different activities of Employment Assistance in Ontario Works. Their study however relates to the City of Toronto and not the province as a whole. Yet, Toronto is the largest city of Canada and accounts for about 35% of both the caseload as well as the total number of beneficiaries of Social Assistance in the Province of Ontario (City of Toronto, 2008). Buchanan and Klassen (2005, p. 29) illustrate that in 2003, 31,583 claimants took part in Community Placement. The authors confirm how Community Placement was by far the largest employment program in the city in 2003. Furthermore, in that year, the caseload for the city was on average every month 66,494 (City of Toronto Economic Indicators). The same problem of underestimation is found here with this figure, since it does not reflect the total number of person who claimed a benefit in that year. Nevertheless, seeing the very small number of exits within one year (20% of all claimants, irrespective of the length of their claim, see chapter 9), this number of total claimant will still be used, although with caution. Accordingly, about 47.5% of the caseload was participating in Community Placement in the City of Toronto in the year 2003.

In view of the large proportion of all provincial claimants in the city, an extrapolation of this percentage to the rest of the claimants in the province would lead to an approximation of the number of participants in Community Placement to be around 94,915. This is clearly only a second-best quantitative indicator but this does give an idea of the size of the program compared to the other program in this benchmark. The coverage rate of the Ontario Works programs is in this view very large as compared to the other programs, at 47.5%. Even if taking into account a possible overestimation of the coverage of this program, the difference with other programs benchmarked so far is thus large that in terms of ranking this benchmark would remain unchanged.

The Canton of Geneva had a population of 445,306 in 2006 (OCSTAT, T-01-2-1-3-1-01). Compared to the close to 13 million in the Province of
Ontario (with 2.5 million in the City of Toronto alone), the close to 20 million in Australia and the almost 59 million in Great Britain, the population from which participants are drawn for the Temporary Job and the RMCAS is rather small. It is thus to be expected that these programs will have much less participants than the programs in Ontario, Great Britain and Australia. In 2004, there were 15,569 person claiming unemployment insurance benefits in the Canton of Geneva (OCSTAT, T-03-3-2-1). The unemployment rate was 7.1% for the Canton, while it was 3.9% in Switzerland as a whole (OCSTAT, T-03-3-2-1). Of those claiming unemployment benefits, 3706 person reached the end of their entitlement without having found a job while claiming the insurance benefit (OCSTAT, T-13-3-03). However, not all those who reached the end of their entitlement benefit either took part in a Temporary Job, or claimed RMCAS. In fact, in 2004, 1,978 individuals were in a Temporary Job and 810 individuals were claiming RMCAS (OCSTAT, T-13-3-03). These two programs are thus by far the smallest ones in this benchmark, although the Dutch Work First projects are even much smaller when taken individually.

Concerning the Temporary Job, the design of the program means that all those claiming the benefit are also performing work-based activities. All 1,978 claimants can thus be included in the benchmark of the number of participants in the work-activities. The complete number of RMCAS claimants cannot be seen as all performing a work activity. Indeed, as already discussed earlier in the Input and Process benchmarks, the obligation to take part in a ‘mutual obligation’ activity is only an obligation “in principle”. As discussed in Benchmark 14, this has meant that case-managers interpret this obligation quite flexibly, such that some claimants will be exempted (perhaps only temporarily) from taking part in the work-based activities. Evaluations from Cunha (2002) and Fluckiger and Vasiliev (2005) have nevertheless identified that a large proportion of the claimants are participating in a work-based activity. The most recent figure relates to 1999 and 2000, in which respectively 81% and 78% of the claimants were participating in a ‘mutual-obligation’ activity (Cunha, 2002, p. 62). Assuming that still around 80% of the participants is taking part in the ‘mutual obligation’ activity is realistic since a more recent evaluation by Fluckiger and Vasiliev (2000, p.X) confirms that the number of available place exceed the number of participants, thus excludes the possibility that some claimants would not be able to participate due to a lack of places. This would thus mean that in 2003, 648 RMCAS claimants were participating in a work-based activity.
Although the absolute number of participants in the two Swiss work-based employment programs was easy to gather, the calculation of the coverage rate presents some difficulties. The question here is which claimant population should be used as a denominator. By using only the benefit attached to the Temporary Job and the RMCAS benefits as total claimant population, very high coverage rates can be observed as a result of the particular design of both these programs. But this would not lead to a comparable coverage rate to the other programs since these other coverage rates are related to a much larger claimant population, namely all unemployed. It would thus be more appropriate to compare the number of participants in the Temporary Job program and the RMCAS to the total number of those who reached the end of their unemployment insurance claim, which can be seen as the pool of claimant from which both programs will find their participants. This will result in more comparable coverage rates within this benchmark. Hence, the coverage rate for the Temporary Job program is 53.3%, and that of the RMCAS is 17.5%.

Benchmark 17 summarizes these findings on the approximate size of the programs. As already mentioned, some of these figures were not directly available from the official statistics provided by the respective ministries or department.

### Benchmark 17: Output – Coverage

<table>
<thead>
<tr>
<th>Benchmark</th>
<th>Number of participants in work-activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom</td>
<td></td>
</tr>
<tr>
<td>NDYP and ND25+</td>
<td>1</td>
</tr>
<tr>
<td>The Netherlands</td>
<td></td>
</tr>
<tr>
<td>Work First</td>
<td>1</td>
</tr>
<tr>
<td>Australia</td>
<td></td>
</tr>
<tr>
<td>Work for the Dole</td>
<td>3</td>
</tr>
<tr>
<td>Canada (Ontario)</td>
<td></td>
</tr>
<tr>
<td>Ontario Works</td>
<td>5</td>
</tr>
<tr>
<td>Switzerland</td>
<td></td>
</tr>
<tr>
<td>Temporary Job</td>
<td>5</td>
</tr>
<tr>
<td>RMCAS</td>
<td>3</td>
</tr>
</tbody>
</table>
Nevertheless, these estimates show that there is a large variation in the size of the projects in the benchmark relative to the number of claimants for their relevant unemployment benefit. Both the Ontario Works and the Temporary Jobs programs have the largest coverage rates, with around half of the benefit claimants taking part in the program. On the other side, both the Work First programs as well as the New Deal programs are very small, with less than 10 percent of claimants being reached for a large majority in the Netherlands, and all New Deal work-based programs altogether. As a result, Ontario Works and Temporary Jobs will receive both a 5, and the Dutch Work First programs and the New Deal programs will receive a 1. In between are found the Work for the Dole and the RMCAS, who both reach about one fifth of all possible participants, and hence score a 3.

8.4. Quantities of sanctions used

The different types of sanction legislation with respect to each work-based employment program have been discussed in the Input Benchmark, in Benchmark 7. Thereafter, Benchmark 14 in the Process Benchmark discussed how sanctions were being implemented in each program, with regard to the level of formality and flexibility in the procedures. Now, this section will compare the number of sanctions that are being used in each program. As discussed in chapter 4, this indicator on the number of sanctions used within each program cannot directly be used as an indicator of performance of the program as no clear assumption can be made between the number of sanctions used and the results of the programs in terms of return to work. Nevertheless, these sanctions are a product of the input and the design within the policy chain of work-based employment programs, and should thus be included in this chapter. Unfortunately, as the section on each program will show, data on the number of sanctions used in the work-based programs to be benchmarked is often not made public, or available only in a very aggregate manner.

Only a few reports and articles have been written about the use of the sanction in the New Deal program. One reason for this might be that within the official statistics provided by the Department of Work and Pension Tabulation Tool, the sanctions only available for all JSA claimants in general, and not for New Deal participants in specific. Nevertheless, it a recent survey on sanctions by Peters and Joyce show that between April and June 2004, only 1,375 sanctions had been imposed on the 46,756 participants in all three phases of the NDYP and 430 sanctions imposed on the 36,141 ND25plus participants. These figures thus show that only
2.9% of the NDYP participants and 1.2% of the ND25plus participants had received a sanction in this period. This however refers to the whole of the program, including the Gateway period and the Follow-Through, which are not included in this benchmark. Separate figures regarding the NDYP Options have nevertheless been made available by Bivand (2002) for the first quarter of 2002. His figures are quite higher than the more recent figures from Peters and Joyce (2006), as he showed that over 3,000 sanctions had been reported during that quarter, which represents close to 16% of all Options participants. It should be noted that these sanctions either referred to refusing to take part in the Options or to leaving the program before completion, either voluntarily or through misconduct.

The results from Bivand (2002) with respect to sanctions within each option are presented in table 8.4. Interestingly, there are significant differences in the number of sanctions given out in each of the options of the program. The fact that the largest amount of sanctions is found within the Environmental Task Force has been also noted by Bonjour et. al. (2001). The researchers have found out that most of the sanctions in the Options are experience mainly by poorly educated and less motivated young men who take part in the Environmental Task Force. This was also mentioned by Walter and Wiseman (2003), who show that about 13% of all options participants were sanctioned in 2000, out of which 27% were in the Environmental Task Force option. One of the explanations for this has been brought by Bodganor (2004), who explains that in the event a participant does not willingly choose an appropriate option, the ETF option is most often the option which is then chosen by the New Deal Personal Advisor (Bodganor, 2004). This would imply a larger proportion of “uncooperative” participants in the Environment Task Force than in the other Option.

Table 8.4: Sanctions for the NDYP Options, 1st quarter 2002

<table>
<thead>
<tr>
<th>Number of participants in Options</th>
<th>19,714</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of sanctions</td>
<td>3,125</td>
</tr>
<tr>
<td>Sanctioned as % of Options participants</td>
<td>15.9%</td>
</tr>
<tr>
<td>Per Options as % of total number of sanctions*</td>
<td></td>
</tr>
<tr>
<td>Employment Option</td>
<td>5.0%</td>
</tr>
<tr>
<td>Full-Time Education and Training</td>
<td>9.1%</td>
</tr>
<tr>
<td>Voluntary Sector option</td>
<td>18.6%</td>
</tr>
<tr>
<td>Environmental Task Force</td>
<td>31.8%</td>
</tr>
</tbody>
</table>

Notes: * Does not add up to 100% since sanction can also be during the Gateway or the Follow-Through period.
Source: Bivand, 2002, p. 16.
Sanctions within the Options can be either related to failing to start with the program, or leaving during the program due to voluntarily quitting or to misconduct. Bivand (2002, p. 17) has also shown the division of these sanctions in these two type of sanctions. For the Environmental Task Force, 52% of the sanctions related to refusal to start the program, compared to 44% and 48% for the Employment Option and the Voluntary Sector option respectively. According to Bivand, this clearly highlights a certain hierarchy in the willingness of the participants in joining these options, with the ETF being clearly the less interesting options of all.

Finally, Saunders et. al. (2001) concluded in their research that those who experience a third sanction (lasting up to 26 weeks) was small, and that those affected by this third sanction actually quickly obtained a job such that only a minority of participants did truly not have a source of income for a long period of time due to this sanction. Concerning the ND25plus, Wilkinson (2003) shows that only 2.6% of the participants have ever been sanctioned, and that the most of them only received a two-week sanction since less than 0.1% of all ND25plus participants have been sanctioned on more than two occasions. These figures are close to the more recent figures from Peters and Joyce (2006), who as mentioned above showed that 1.2% of the ND25plus participants (in all 3 phases of the program) were sanctioned between April and June 2004. Unfortunately, no sanction data is available on the level of the different Intense Activity Period programs.

The available data on the number of sanctions which are imposed on the (potential) participants of the Dutch Work First projects is very scarce. This is explained partially by the high degree of decentralisation of the social assistance scheme, in which the municipalities have control upon almost all design and implementation issues. Such a level of decentralisation has been implemented for reasons of efficiency since the municipalities were though to be the best judges for the needs of the local population in terms of labour market policy. However, in order not to weight down the municipalities with time and resource consuming reporting for the national level, only limited reporting is required by the ministry of Social Affairs and Employment. Certainly, making numerous requests to the municipality for reporting would most probably end up in a large loss of efficiency, undermining the efficiency gains from the decentralisation of the scheme. The reports from the municipality are thus aggregated to all the services provided and thus do not report separate figures on the Work First projects. As a result, most municipalities will only monitor their social assistance scheme as a whole, and not separately for each service or project. This unavailability of detailed monitoring of the results of Work First projects has been brought
Consequently, the number of sanction which was laid upon Work First participants was unknown to the majority of the project leaders which took part in the Work First Benchmark 2006. Nevertheless, 20 projects did monitor separately the number of sanctions for the Work First participants. The ratio of the number of participants who received a sanction to the total number of participant in the project is shown in Graph 8.1 in the form of a histogram. This number of sanctions only includes those who were sanctioned while participating in the program. In other words, not granting a benefit due to refusal to participate in Work First in the first place is not counted in the ratio. This is mostly because this type of data was even more difficult to gather by the municipality since most of these claimants did not even enter the official claimant’s statistics.

As can be seen, on average 24% of the participants in those 20 projects received a sanction at some point. This is rather high and should be interpreted with caution. First, the histogram shows that more than half of the projects for which there is data actually had a sanction ratio of less than 20% and that the average was increased by a few outliers above the
30% line. In fact, five projects had a sanction ratio between 0 and 10%, which actually equals to one fourth of the projects for which data is known. Nevertheless, these ratios can be considered high. The question then remains whether the 20 projects who did monitor the number of sanctions were the projects who were the most focused on using sanctions, and therefore put more attention at monitoring these and using these. On closer examination of the sanctioning rules of these 20 projects it becomes apparent that slightly more than half of the projects who collected data on sanctions also had harsher sanctions in the form of a complete withdrawal of the benefit. Also, what can be seen from the data is that many of the outliers in the graph above are projects who had a small number of total participants, where a large proportion of sanctions in the program is quickly attained by giving out a few sanctions. In general, these outliers also did only reduce the benefit level, and not completely withdraw the benefits. All in all, this thus leads to the conclusion that there would be an upward bias in the sanction figures of those 20 projects due to their increased focus on sanctions and issues of scale in very small projects (less than 10 participants).

In Australia, the survey on sanctions conducted by Heardly et. al. (2005) demonstrated how the use of sanctions had significantly increased from 1997 onwards with the increase in activation conditions and the introduction of the Job Network by the coalition government. Nevertheless, a number of changes in the sanctioning procedures have reduced the total number of sanctions imposed on NSA and YA claimants.

Graph 8.2 shows the evolution of sanctions for all benefit claimants between 1996 and 2006. Data concerning the number of sanctions per different type of reasons within the two types of sanctions are provided by Centrelink since 2004. Two of these reasons can be directly linked to participation in the Work for the Dole program, being a failure to attend an interview concerning the requirement to participate in Work for the Dole and failure to attend a Work for the Dole project. While the failure to attend the Work for the Dole interview consists of an administrative sanction, the failure to participate in the project is considered an activity-test failure. In the year 2005-2006, 8836 sanctions were imposed for failing to attend a WfD-interview, and 11,550 sanctions were imposed for failing to participate in a WfD-project (Centrelink, Quarterly Breach Data 2006a, 2006b, 2006c and 2005). Seeing that in that year, 87,118 claimants participated in the Work for the Dole program, these sanctions represented 10.1% and 13.3% of all participants respectively.
The very “soft” sanctioning regime found in the RMCAS in the canton of Geneva was discussed in the process benchmark earlier. It was made clear that sanctions were not often being used by case-managers, since they interpreted the obligation to participate in a ‘mutual obligation’ activity rather flexibly. Indeed, the reason of exits for RMCAS claimants was shown by Cunha et. al. (2002, p. 74) and it can be seen that only 0.5% of the claimants left the benefit because they refused to participate in a mutual obligation activity. Since no sanctioning mechanisms have been implemented for leaving the work-based activity voluntarily or through misconduct, no sanctions are registered for this type of sanctions. Furthermore, concerning the Temporary Job program, it has already been discussed how the sanctioning mechanisms of this program is rather different due to its design as an employment program in which the participants are hired by the Cantonal Employment Office. This means that refusing to participate in the work-based activities means that a person will not be eligible for the benefit in the first place, and refusing a placement will result in not being eligible anymore for the program. No data are available in the evaluations of the program concerning these sanctions. Moreover, sanctions during the program have already been said to fall under the realm of employment protection legislation, and not though social security sanctioning mechanisms. Fluckliker and Valiliev (2003, p. 77) have shown how 10% of the Temporary Job participants...
actually leave their Temporary Job before the end of the program, although a large part of these do so because they have found a regular job. It would be wrong to count these cases of voluntary leaving the program as counting towards the number of sanctions being imposed on claimants. Unfortunately, no data is available on the number of participants which have left the program to claim Social Assistance, or who have been fired by their current Temporary Job placement.

Similarly, no data on sanctions is available from the Ontario Works program. Although Lightman, Mitchell and Herd (2005; 2004a; 2004b; 2003; and Herd and Mitchell, 2002) have lengthily discussed how the procedures for verifying continued eligibility have lead to a harsh sanctioning procedure, they have not presented any statistics on the occurrence of sanctions. This is clearly due to the fact that data on sanctions are not made publicly available by the Ministry of Community and Social Services, or by the biggest Delivery Agents such as the Toronto Social Service department. This is very unfortunate since the sanctions of Ontario Works has been found to be rather harsh in terms both of level and procedure within this international benchmark, and it would be most interesting to see how the program compares in its total use of sanctions with the other programs.

This section highlighted one of the main problems encountered in benchmarking, which is the lack of available data on some important indicators. Table 8.5 on the next page shows the data that was available for the programs in the benchmark.

Concerning the monitoring of the number of sanctions by the government, one interesting conclusion can be made here. As was discussed in Benchmark 14, the UK and Australia had the most formal sanctioning procedures, with clear guidelines linking specific types of breaches with specific types of sanctions. Their level of flexibility was also small, especially in the case of the UK. It is therefore not surprising that these two countries are also the two countries with the most information available on the number and types of sanctions given. Apparently, by making sanctioning procedures straightforward, it becomes also much easier to monitor their use. The lack of a formal sanctioning procedure can also be coupled by a lack of monitoring not only because the latter then becomes much more difficult, but also because simply less attention has been given to sanctions within the program. Hence, this lack of focus on sanctions can clearly be seen in both Swiss programs, where informal procedures also resulted from a desire to maintain the social function of the program, which can also be seen from an apparent low level of sanction, and in any case a poor
monitoring of the use of sanctions. However, in Canada, this cannot be said to be the case, as sanctions are a major element within the program. Political motives and difficulties of monitoring the system can both be better explanations for the lack of data on sanctions.

Table 8.5: Number of Sanctions

<table>
<thead>
<tr>
<th>Country</th>
<th>Failure to start work-based activities</th>
<th>Leaving voluntarily or through misconduct</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-NDYP Options</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-ND25+ IAP</td>
<td></td>
<td></td>
</tr>
<tr>
<td>United Kingdom</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Netherlands</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Switzerland</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-Temporary Jobs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-RMCAS</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

On the other side, the high level of flexibility in the Dutch sanctioning procedure has meant that each municipality is free to set up its own monitoring system for sanctions within its Work First program. This also poses problem in terms of data analysis, since it is likely that some selection bias is present in the data which is collected. As discussed earlier, it might be so that the projects that do collect data on sanctions are also projects that put a great emphasis on sanctions as an instrument within their program. This would mean that the data which is available overestimates the average number of sanction used within Work First programs.

This chapter will not provide a ranking of these sanctions rates since a clear hypothesis on the influence of sanctions cannot be made.
Nevertheless, the interaction between sanction levels, sanction procedure, number of sanction used and impacts of the program will be part of the conclusions of this benchmark. This will thus be discussed in chapter 11, where all indicators of the benchmark will be aggregated and comparisons will be made on the effectiveness and efficiency of the programs in the benchmark.

8.5. Radar charts and overall performance level

The output benchmark only comprises of three indicators, resulting in a different shape to the radar chart than in the previous benchmark. Nevertheless, the triangles created by linking each score can still be compared with respect to its overall size and the extent to which it is skewed towards one or any other indicator. As a result, one can see that the New Deal programs have the largest scores on two indicators out of three, making these the largest shape of the benchmark. Also, their orientation towards training and supervision/guidance makes them more similar to the chart for the Work First programs of the Netherlands, even though the scores are smaller. On the other side, Ontario Works and the two Geneva programs are more oriented towards coverage for their high score. At last, it can be seen that the Work for the Dole program is made up of only very small score, a situation similar to the RMCAS program.

Figure 8.1 Output UK - NDYP *
Figure 8.2 Output UK - ND25plus *

Figure 8.3 Output Netherlands – Work First *

Figure 8.4 Output Australia – Work for the Dole *
Figure 8.5 Output Canada – Ontario Works *

Figure 8.6 Output Switzerland – Temporary Jobs

Figure 8.7 Output Switzerland – RMCAS *
* Legend for the indicator labels in figure 8.1 to 8.7 (see also section 4.3)

<table>
<thead>
<tr>
<th>Label</th>
<th>Indicator</th>
<th>Sub-indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training</td>
<td>Training</td>
<td>- Hours per week</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Formality and transferability</td>
</tr>
<tr>
<td>Supervision /</td>
<td>Job search assistance</td>
<td>- Intensity supervision</td>
</tr>
<tr>
<td>Guidance</td>
<td></td>
<td>- Hours per week job search in program</td>
</tr>
<tr>
<td>Coverage</td>
<td>Coverage</td>
<td>- Number of participants per year in % of total yearly caseload</td>
</tr>
</tbody>
</table>

Figure 8.8 Surface Measure of Performance - Output


All in all, figure 8.8 shows that the best performance in terms of output is found in the New Deal programs, despite their relatively small coverage rate. On the other side, the lowest level of output is found in the Work for the Dole, Work First programs and the RMCAS. In the Netherlands, this is caused by very low coverage combined with average scores on training as well as supervision and guidance. In the Work for the Dole, very low levels of training are the reason for the low overall performance level, since both coverage rates and supervision and guidance are average.
All scores are rather low without special focus in the RMCAS program, explaining why it is slightly better with respect to the SMOP measure. At last, the same scores were given to the Ontario Works programs and the Temporary Jobs program, which put a great emphasis on coverage, and only achieve rather low scores with respect to training and supervision/guidance. The implication for these differences in relation to the rest of the benchmark will be discussed in more detail in chapter 11.
9. Impact benchmark

The benchmark has now come to the discussion of the impact of each program. As part of the policy-chain, the impact represents the influence the program will have on its participant. With respect to labour market policies, impacts are clearly linked to the objectives of the programs of promoting the return to work of its participants. Nevertheless, this return to work should be sustainable if the program wants to have a lasting impact on the caseload level. It might also be that programs are not so much interested in that their participants find a job on the labour market, but rather that they exit the benefit caseload, no matter the destination. That many participants would have to continue claiming the benefit after completing the work-based employment program would therefore in this view be considered a failure of the program. Similarly, programs might want to act more on the forefront of the claim and intend to prevent that claimants enter the benefit. A high number of exit just before the start of the work-activities of the program would therefore be considered a positive impact of the program for those programs. Four indicators of impact will therefore be analysed and compared in this benchmark, that is to say:

1. Rate of return to work
2. Sustainability of job placement
3. Rate of return to the benefit
4. Rate of inflow prevention

9.1. Rates of outflow to work

The large body of evaluations of the performance of the New Deal has been surveyed by Chris Hasluck and Anne E. Green of the Warwick Institute for Employment Research, on behalf of the Department of Work and Pensions. Their final report was published in January 2007 and presents all the available information on the performance level of the different programs the Departments provides for each of its target groups, and thereby gives an answer to the question “What works for whom?”. However, as the author noted, most of the evaluations of the New Deal programs are outdated, as they refer to the first four year of the program. In addition, most of the evaluations are of qualitative nature, surveying the experience of participants in the program and only reporting very broad impact figures. Also, most of the attention on the rates of outflow to work as been on the level of the whole NDYP and ND25+, thus including all three phases. Figures on the rates of outflow to work from each of the work-based options are therefore not included in almost all of
the evaluations on both programs. Clearly, while the New Deal programs, and especially the NDYP, have been claimed by Hasluck and Green to be one of the most evaluated social programs in the UK, the evidence gathered from these evaluations will be of little use to this benchmark.

Nevertheless, some studies and some data are available on the outflow to work of the work-based activities of the NDYP and the ND25+. With respect to the NDYP, Dorsett (2006 and 2004) is one of the only researchers to have concentrated on the outflow to work from each of the four options. His approach to measuring impact is however not ideal for this benchmark, since he looked at employment status one year after having started with the program, thus in general 6 months after the end. In addition, his data refers to the group of unemployed which where in one of the options between September and November 1998, which means that his results are highly outdated. What his results showed was that the Employment Option was by far the most effective option, even when correcting for selection bias within the options. Crude employment values showed that one year after having starting the Employment Option (which usually lasts 6 months), 51.4 % of the participants were employed (Dorsett, 2004, p. 50). This contrasted with 20% for the Voluntary Sector Option and 15.4 % for the Environmental Task Force (Dorsett, 2004, p. 50). As already mentioned, some of the differences could be caused by the fact that the most employable participants choose to take part in the Employment Option, and while some if it is the case, a correction for this selection bias through propensity score matching does not change the fact that this Option is by far the best one in terms of employment outcome.

However, these results cannot be directly attributed to the Options themselves, since the outcome is measured half a year after the participants have left the options. Indeed, two effects can influence the results positively and negatively. First, it could be so that some people only gained employment after leaving the option and while taking part in the third phase of the program, which would mean that employment outcomes would be overestimated. Second, some of those who did find jobs immediately upon leaving the program might have not sustained this job up until the measurement time of 6 months after completion of the program. As mentioned in chapter 4, the rates of outflow to work are not meant to measure job sustainability, so that even short-term job entry would be counted here towards the rate of outflow to work. Hence, many short-term employment entries would mean that the results are underestimating gross outflow to work. Which of these two effects is the largest is not know. Nevertheless, data from another study shows that
60% of those participating in an Employment Option in the end of 1999 where retained in their position. Adding to this the possibility of some of those not being retained finding jobs elsewhere, it can be concluded that the outflow to work presented by Dorsett (2004) underestimate the number of participants who had a job at the end of the option. An estimate of somewhere between 50% and 60% of outflow to work will be taken here as the best estimate available for this benchmark. While this range is quite large, it will be shown that in comparison to the other program, the Employment Option clearly has the highest rate of return to work.

No other studies looked further at the rates of outflow from the VS and ETF Options. In order to further investigate the impact of these programs, data provided by the Department of Work and Pensions through its Tabulation Tool on its website can be used. A direct measure of outflow to work is however not provided and not easily calculated, but can nevertheless be extracted from the data available. Own calculations from the data in the Tabulation tool extracted in November 2007 and November 2008 confirms the estimate made above. Indeed, it was calculated that approximately 55% of the participants in the Employment Option left that option for work in the year 2007. It can thus be concluded that the estimation technique used with the data in the Tabulation Tool is an accurate one. It should be noted that this calculation does not include the rather large group of leavers to “unknown destination”, for which a part could be found in employment. This would mean that the rate of 55% would be underestimated.

Calculations regarding the Voluntary Sector Option and the Environmental Task Force are in the same line as the data provided by Dorsett (2004), although slightly higher. It was calculated that immediate outflow to work from the VS option was 30% and in the ETF was 18%. Since the rest of the benchmark did not differentiate between these two options, the approximation of around 25% will be used in this benchmark for these two work-based options not based on regular employment. Similarly to the calculations above, this rate is likely to be underestimated since the group of leavers to unknown destination is not taken into account.

As Hasluck and Green (2007) mentioned in their recent survey, the bulk of evaluation on the New Deal 25 plus was done before the program was drastically re-engineered in 2001 and only little evaluations are available on the programs as it now stands. Nevertheless, Freud showed that since 1997, long-term unemployment has been halved according to the ILO standard (survey method) and by 75% according to claimant count.
Furthermore, it has been illustrated that by February 2006, around 30% of the ND25plus participants had entered employment from the program and studies showed that the re-engineering of the program in 2001 doubled the job-entry rate (Hasluck and Green, 2007). Moreover, a survey of employers also showed that the Work Placement activity of the IAP in the ND25plus resulted in a substantial proportion of participants which continued to be employed for a significant period of time after the subsidy was stopped at the end of the 13 weeks period (Hales, Collins, Hasluck and Woodland, 2000; in Hasluck and Green, 2007, p.46).

Unfortunately, not further studies have been realised on the different phases of the ND25plus. Nevertheless, the same kind of data is made available from the Department of Work and Pension’s online Tabulation Tool, and as a result, the same approximations can be made in order to calculate an exit rate to employment for the Work Experience/Work Placement Intense Activity Period. This calculation showed that about 15% of the participants in this program left for employment in 2007. Also here, since many leavers where found in the category of “unknown destination”, this rate is likely underestimated. Furthermore, as already discussed earlier in the process-benchmark, another work-based IAP is available, namely the Subsidized Employment IAP, which resembles the Employment Option of the NDYP. This program was deemed too small to take into account in this benchmark. Nevertheless, it can be mentioned that this “regular-employment” IAP has much better result, with 30% of its participants leaving for a job in 2007. Results in the ND25plus with respect to its various options are thus consistent with what was found in the NDYP, in that regular employment surpasses employment in the public or third sector.

Turning to the Work First projects in the Netherlands, the success of the Work First programs was even before the publication of the Work First Benchmark 2006 report already acclaimed by many municipalities who had seen their claimant count diminish significantly after the implementation of the projects. As a whole, the 49 projects which took part in the Work First Benchmark did reflect this level of success. The exit-to-work ratio where calculated by using only the number of participants who had left the project, since for many project a important number of participants were still taking part in the activities. The exit-to-work ratio is thus similar to the one calculated in the New Deal program, and looks at the ratio of those who left the program for employment, as a percentage of all those who left the program (either during the program or at the end of it). Furthermore, this ratio does not take into account subsidized jobs.
On average over the 49 projects, 45% of the participants who had completed the project had found a job by the end of the program. Graph 9.1 under shows how the ratios were distributed amongst the projects which provided the indicator. As can be seen, while most projects have an exit-to-work ratio close to the average, a considerable amount of projects actually outperformed this average, with some projects with as much as 80 to 90% of their participants finding a regular job during the course of the project or at the end of it. Sol et. al. (2007) in their rapport on the Work First Benchmark 2006 indeed discussed how these results are rather high, and much higher than what had been achieved with the previous active labour market programs within the Social Assistance benefit.

Graph 9.1: Histogram of the Exit-to-work ratio for the Dutch Work First projects

As already discussed in the Input Benchmark, the Work for the Dole program does not have as a direct objective to increase the rate of return to work for its participants. Instead, the objectives of the program focus on increasing the self-esteem of the participants and provide them with a valuable work experience and increased skills level (see Guide to Social Security Law, 2008, section 3.2.10.80). A second important objective of the program is the creation of a mutual obligation, in which the Work for the Dole participants give something back to the community in return for the benefits they receive (though the tax contributions of this community).
Nevertheless, when discussing the labour market assistance outcome of its programs, the Department of Employment and Workplace Relation does present the number of person who did gain employment after participating in the Work for the Dole program. Considering the stated objective of the program, it is also worth noting the fact that the department does not directly evaluate the softer objectives of increasing self-esteem or levels of skills. The department does however provide survey evidence of the satisfaction of the participants with the program, which could be seen as a proxy for the soft objectives of the program (more on this in chapter 12).

The data provided by the Department of Work and Pension on the Work for the Dole program does however present some comparability issues with the other programs in this benchmark. Firstly, the source of information for the calculations of the exit-to-work ratios are not administrative data, but come from a survey of program participant, called the Department’s Post Program Monitoring (PPM) Survey (DEWR LMAO June 2006, p.2). Secondly, the status of the participant is not measured at the end of the program, but three months after they exit the program (DEWR LMAO June 2006, p.2). This presents some problems since after having completed their Work for the Dole program, those participants who have not exited the benefit in the meanwhile are then placed in Intensive Support Customized Assistance with a Job Network member. The services offered within this program involve intensive job search support with contact with case-manager every two weeks, as well as additional services in order to secure a job (www.workplace.gov.au). This thus means that at the time the participant is surveyed, three months after leaving the Work for the Dole program, if the participant didn’t find a job through Work for the Dole, the effect of the first three months of Intensive Support Customized Assistance will be included in the effect of participating in the Work for the Dole program. For example, if a person after Work for the Dole is then placed in Intensive Support Customized Assistance and through this, found a job after two months, when this person will be surveyed three months after leaving the Work for the Dole program, it will be counted as being employed. This survey method obviously leads to important overestimations of the real effect of the Work for the Dole program on the rate of exit-to-work of its participants.

The Labour Market Assistance Outcome for the year ending in June 2006 shows that 3 months after leaving the Work for the Dole program, 31.4% of the participants were employed. This was made up of 14.5% of full-time jobs, and 16.9% of part-time jobs. Furthermore, some 11.8% of the participants were in Education and Training 3 months after having left the program. The annual report of the Department in 2005-2006 also states
that 12 months after having started the Work for the Dole program, 39.4% of the participants were in employment. Since the program lasts usually for 6 months, this shows that there was a progression of the rate of employment from 3 months after leaving the program to 6 months after leaving the program of 8%. This 8 percent then relates to other services than what is found in the Work for the Dole.

As already mentioned above, the employment rate of 31.4% also includes the effect of the first three months of the Intensive Support Customized Assistance program for those who didn’t immediately exit the Work for the Dole program for employment. This means that this exit-to-work rate is overestimated. Neither other data made available by the Department of Employment and Workplace Relations nor any other external evaluations provides other data from which rates of return to work upon completion of the program can be calculated. Nevertheless, when comparing this rate to the other programs included in the benchmark so far, it is clear that its performance rate is the lowest so far, even in its overestimated level.

The low level of performance of the Work for the Dole program in terms of employment outcome had indeed been discussed in many external evaluations, while internal reports from the Department are generally positive about the performance of the program. The most recent evaluation by the Department showed that 39.4% of those who had started a Work for the Dole placement were in employment 12 months after this start, compared to 52.1% for the control groups, which lead to the conclusion that the program had a net impact of 7.3% 12 months after commencement (DEWR, 2006, p.8). Again, this might even be more the impact of services provided after the Work for the Dole than the impact of the program itself, since status is collected about 6 months after the program has been completed. Nevertheless, even though net impacts are not being compared in this benchmark since only a few programs have performed such evaluations, this result confirms the low impact of the program in terms of return to the labour market by its participants. In addition, this report by the DEWR showed that there was a slight improvement in the employment net impact, in the commencement rates, and also a weaker attachment effect than what had earlier been concluded by an internal evaluation of the Work for the Dole in 2000 (see DEWR, 2006).

These positive conclusions from the government were however met by many criticisms in external evaluations, research and articles. The Australian Council on Social Services compared the figures in the Work for the Dole net impact study of 2000 and showed how the program performed much worse than the previous government’s Working Nation
programs, with the Jobskills and Jobstart programs having a rate of employment after 3 months of completion of 41% and 58% respectively. Moreover, Borland and Tseng (2004) used quasi-experimental methods using administrative data to evaluated Work for the Dole. Borland and Tseng show that that during its pilot phase in 1997-1998, there was a large lock-in effect of participants during the participation in the project, and that after completion of the project a partial catching-up effect took place, but not large enough to offset all the negative effects from participating in the program (Borland and Tseng, 2004, p.30). Needless to say, the evaluation from Borland and Tseng relates to the Work for the Dole as it was designed in its first phases, and since much of its designed as changed ever since, these results are not valid anymore. More recently, Nevile and Nevile (2005) have concluded that the net impact of the Work for the Dole should be estimated at around 10%, which they consider rather high when compared to programs abroad, and by such conclude that the Work for the Dole does increase the employment rate of its participants, even though it remains widely regarded as a means to fulfilling mutual obligation requirements.

Similarly to the other programs in discussed so far in this benchmark, the government of Ontario acclaime d the Ontario Works program for achieving large decrease in the Social Assistance caseload since its implementation. However, the monitoring of the results of the Ontario Works program has been criticised for being very unclear as of the reasons for this decline. This criticism can be found in many external evaluations, amongst which the Provincial Auditor of Ontario in its Audit report of the program in 2002 and 2004. Indeed, the Ministry of Community and Social Services only publishes data on total caseload and total beneficiaries, without providing further breakdowns in terms of entry and exits out of the system, and most importantly without providing information on the destination/status of those exiting the benefit.

Nevertheless, a study by Finnie, Irvine and Sceviour (2004) of Statistics Canada has looked at the trends concerning the incidence, entry and exit in Social Assistance in the Canadian provinces between 1992 and 2000. Their data on exit of Social Assistance in the Province of Ontario provides an indication of the exit rate of the Ontario Works program. Most interestingly, their analysis shows that the large drop in the social assistance caseload since the implementation of Ontario Works is largely due to the drastic decrease in entry rate, much more than due to the moderate increase in exit rates (Finnie et. al, 2004, p. 17). The study differentiates between four family types, that is to say, single persons; couples with children; couples without children; and lone parents. For
these four categories, Finnie, Irvine and Sceviour calculated an exit rate, that is to say, the proportion of those claiming SA in the previous year who had left SA in the current year. This exit rate was 13.78% for singles; 32.77% for couples with children; 23.78% for couples without children; and 24.29% for lone parents, all for the year 1999. From the caseload data provided by the Ministry, it can be calculated that around 40% of the caseload was made up of single claimants in that year, around 46% made up of single parents, and the remaining 14% of couples, with and without children. By using these ratios to approximate a total exit rate for the complete caseload an exit rate of 21.2% in one year for all claimants irrespective of the length of their claim can be calculated. This is in addition irrespective of the destination of the claimant, and thus means that exit-to-work ratios would be even lower.

Information on the extent to which those who leave Ontario Works do so because of finding employment is nevertheless available through a survey by Lightman, Mitchell and Herd (2005). In this survey, 804 leavers of social assistance in the City of Toronto in 2001 were asked, amongst other, about their reason for leaving welfare. From this group, 56% said that they left for employment-related reason, such as that they or their spouse found a job, or increased number of hours worked, returned to a previous job, or got a raise. A further 11% left because of what was defined as “system related” reason, such as ineligibility and wanting to be off social assistance, and the rest left for other reasons, such as claiming another type of benefit (8%) or starting full-time education (6%) (see Lightman et. al, 2005, p.98). Nevertheless, at the time of the interview which was 8 to 10 months after leaving Ontario Works, a significant those who had left social assistance for other reasons than employment were employed, more specifically, 40% of those non-employment related leavers were employed at the time of the interview. On the other side, 16% of those who left for employment-related reasons were actually not employed anymore at the time of the interview. All in all, 8 to 10 months after leaving Ontario Works, nearly two-thirds of those interviewed were currently employed (see Lightman et. al., 2005, p.99). Using these results to approximate an exit-to-work ratio from the exit-rates derived from Finnie et. al. gives an exit-to-work ratio of between 11.9% and 14.1% (depending whether the immediate reason for leaving SA is taken, or the actual employment level 8 - 10 months after leaving). These results should be interpreted with caution since this extrapolation is based on a small sample of respondent concentrated in the City of Toronto. This nevertheless allows making the conclusion that exit-to-work ratios for the whole of the Social Assistance scheme are rather low in Ontario.
The specific design of the Ontario Works program makes comparing its exit rate to the exit rate of other programs more difficult. As discussed in the input and the process benchmark, all claimants are required to participate in Employment Assistance, unless they have valid reasons to be exempted. However, the program is not organised in a modular way like the other programs discussed so far, so one cannot speak of exiting the program to go on to participate in another program. In fact, the precise type of Employment Assistance will vary on a case-by-case basis. Nevertheless, as already illustrated in the Process Benchmark, the most important employment program of Ontario Works is Community Participation, which was taken in this benchmark to be the work-based activity of Ontario Works. As already discussed, about half of the Ontario Works claimants participate in Community Placement. Unfortunately, there is no data publicly available on the rate of exit to work of only those who participated in Community Placement. Nevertheless, Lightman et. al. (2005, p. 102) have shown that the quality of the jobs gained by those who participated in Community Placement was lower than those who did not participate in it. They explained this by the fact that these work-experience programs are targeted at those who have barriers to work and not for the most job-ready claimants (who are facing harsher requirements to accept any job). This would indicate that actually less Community Work participants than non-participants did find a job in that year. This finding thus indicates that the rate-of-return to work for Community Placement is more likely to be slightly overestimated if taking the overall exit-to-work ratio of all claimants. It can be assumed to be somewhere around 12%, but probably slightly lower. Even without possessing a clear comparable figure on exit-to-work of Ontario Works, we can nevertheless see that this program performs far under the various New Deal work-based Options/IAP, the Work First programs in the Netherlands and the Work for the Dole.

Similar low level of exit to work can be found within these two programs in the Canton of Geneva. First, data on the exit rates out of the RMCAS are given in the most recent evaluation of the benefit by Flucklicher and Vasiliev (2003, p.71). They mention that in the year between June 2001 and 2002, about 25% of those claiming the benefit left it, all destination included. Unfortunately, their database did not contain information on the precise destination of those leavers, but this was nevertheless provided by the evaluation from Cunha et. al (2002). Their analysis showed that for the year 2000, only 8.2% of those claiming a RMCAS benefit left for employment, while this figure was 9.7% for 1999. Similar to the Ontario Works program, this figure does not related to exits from the work-based activity in the program, but to exits from the benefit as a whole. Yet, most claimants (about 80%) do take part in what is called the
“mutual obligation” activity. As a result, an exit-to-work ratio between 8% and 10% can be considered to be an appropriate estimate for the performance of this work-based program.

Concerning the Temporary Job program, the whole program is designed to lead to exiting the program to claim another benefit, that is to say the federal Unemployment Insurance benefit. Nevertheless, 10% of all starters leave the program before its end, and a further 15% does not claim UI at the end of the program (Fluckiger and Vasiliev, 2003, p.77). This lead to the conclusion that about 23.5% of all those who participate in the program end up off-benefit at the end of the program. This rate only refers to total gross outflow, and not outflow to employment. An indication of the extent to which Temporary Job participants do regain employment is given in the evaluation of the Temporary Job program by the CEPP (2003, p. 63), which found that less than 20% of all temporary jobs had an impact on the rates of return to work of their participants.

To sum up the findings from this section, wide variations can be seen in the gross rates of return to work of the programs in this benchmark. However, precise estimates of the number of participants who were employed at the end of the program are in almost all programs not easily made available. This has meant that figures needed to be calculated and that estimates of performance levels were provided, which in many cases should be carefully interpreted as an attempt to gauge the relative performance of the programs in this benchmark. But even when considering a considerable error margin for each estimate, a clear ranking of performance is still visible. First, the Employment Option of the New Deal for Young People was by far the most successful work-based employment program, with a gross outflow to regular work of around 55%. The second position is for the Work First programs in the Netherlands, with gross outflow to work on average of 45%. The third position is filled by the Work for the Dole program, with an overestimated 30%, which is close to the Voluntary Sector and Environmental Task force of the NDYP. In the fourth rank one can find the Temporary Job program, with estimations at around 20%, but most likely overestimated. This rank is thus shared with the New Deal 25 plus Work Placement / Work Experience IAP, with a rate of outflow to work of around 15%. And at last, both the Ontario Works and the RMCAS, at around 10% gross outflow. These ranking are shown in Benchmark 18.
Benchmark 18: Impact – Gross rates of outflow to work

<table>
<thead>
<tr>
<th>Country</th>
<th>Program</th>
<th>Exit to Work Ratios</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom</td>
<td>-NDYP EO</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>-NDYP VS/ETF</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>-ND25+ IAP</td>
<td>2</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>Work First</td>
<td>4</td>
</tr>
<tr>
<td>Australia</td>
<td>Work for the Dole</td>
<td>3</td>
</tr>
<tr>
<td>Canada (Ontario)</td>
<td>Ontario Works</td>
<td>1</td>
</tr>
<tr>
<td>Switzerland (Geneva)</td>
<td>Temporary Job</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>RMCAS</td>
<td>1</td>
</tr>
</tbody>
</table>

It is true that these exit-to-work ratios cannot be directly comparable since each program has different set of input, process, output and external factors. Precisely for this reason it this benchmark model going further than only discussing rates of outflow to work as presented in this section, but will proceed to put these results in the light of possible explanations as for why these are being attained. Amongst others, differences in target groups and economic context will thus be added to this comparison, in order to make sure that good performance is well understood. Furthermore, the rankings do not follow a perfect scale, so that distances between each rank might not truly reflect distances between rates of outflow to work. The ranking thus reflect much more whether results are very low, average or high, and as will be discussed in chapter 11, the effect of lowering or raising a rank by half a point or one point does not change much of the conclusions to be made. All in all, the rankings in this section should therefore be read with caution, and should be analysed together with the findings presented in the chapter aggregating the results from this benchmark.

9.2. Other impacts: sustainability of placement, caseload reduction and prevention of entry

The rates of outflow to work presented in the previous benchmark can be seen as a relevant indicator of the success of work-based employment
programs since they all have for implicit or explicit objective to assist their participant in finding work. However, as presented throughout this research, work-based employment programs can have other objectives. In particular, the programs might be more intended to increase outflow of the benefit, disregarding whether exits are employment related or not. Also, the programs can be aimed at having a large threat effect, where claimants will be discouraged to claim the benefit by the high demands coming from the work-activities and activation conditions of the program. On the other side, the success of work-based employment programs can be also judged by the sustainability of the job placements for those who did find work. This is because in the case participants only joined the labour market for a short time and returned to the benefit after only a couple of weeks, total caseload will not be affected that much by these temporary exits from the benefit.

These three other impacts, outflow out of benefit, prevention of entry into benefit, and sustainability of job placements will therefore also be taken into account in this benchmark. However, it was already shown throughout the previous benchmarks that data collection, especially on the impact of the programs, is very poor in most country. It can thus be expected that data with respect to these three other impacts will most likely not be easily comparable, and in some case not even available. Nevertheless, because of the importance of measuring all aspects of the impacts of work-based employment programs, it is worth presenting here the data that is available. How this data should be interpreted will be discussed at the end of this section.

The varying degree of success of the New Deal programs has been shown in the previous benchmark, with more than half of the participant finding a job after completing the Employment Option of the NDYP but only 15% doing so in the work-activities of the ND25+. When looking at outflow out of the benefit, irrespective of whether work was found or not, one can see that total outflow out of the Jobseekers Allowance was similar to the outflow to work with respect to ranking. Data from the Department for Work and Pension Tabulation Tool shows that outflow to work made up almost 70% of all outflow for the Employment Option, bringing total gross outflow at slightly less than 80%. With respect to the other two options, about half of the total outflow was towards employment, meaning that total gross outflow from these options would be at around 50%. Exit to work only represented about 40% of the Work Experience / Work placement IAP of the ND25plus, and this meant that about 38% left this option in total.
Indeed, long-term unemployment remains an issue in Great-Britain. By February 2006, about a third of all participants of the New Deal 25plus had returned at least once to the program (Hasluck and Green, 2007). Freud (2007) also mentions how a large number of claimants — “perhaps a third” — have spent more time on benefits than in work and that around 100,000 people receiving a Jobseekers Allowance have spent six of the last seven years on benefit. The revolving-door phenomenon is also of concern with the 18-24 years old groups, since statistics show that over a fifth of all job entrants are back on benefit within 13 weeks (Bodganor, 2004). As the Select Committee on Work and Pensions commented in July 2002: “we are concerned that almost 40% of 18-24 year old New Deal leavers end up back on JSA within six months, and this is reflected in the fact that one in three currently joining the New Deal is not doing so for the first time. Since 1998, nearly 80,000 of the known job entrants started jobs that were not sustained beyond 13 weeks duration. Many of these find themselves back on New Deal as re-entrants” (in Bodganor, 2004). On the other side, it appears that for the New Deal for 25 plus, job entry rate for the second spell appears to be almost double that of the first spell (Hasluck and Green, 2007, p.41). More recent data is also available on the DWP Tabulation Tool on the sustainability of the jobs found through the New Deal programs. However, this data encompasses all jobs found through all phases of the programs, and is thus not available on the level of the Options or IAP. The Tabulation Tool shows that for the NDYP, of all the jobs found in the year 2006, 77.5% were sustained for at least 13 weeks. In the ND25plus, this figure was very similar, at 77.1%. Again, this related to job also found while being on the Gateway phase of the programs, as well as the Follow-Through. The same is true for all data gathered in the research reports presented above.

Furthermore, a threat-effect can be expected from the presence of the New Deal program, meaning that many claimants will try to avoid having to participate in the program and will therefore leave the benefit before reaching 6 months of benefit claim. Indeed, a recent report by the Policy Studies Institute concluded that the NDYP had reduced unemployment by 30,000 to 40,000 claimants, with most of the impact coming from the young short-term unemployed who terminated their benefit claim before six months to avoid participation in the New Deal (in Bodganor, 2004). This entry-prevention effect however occurs much before the start of the actual work-based activities, since participants must first take part in the Gateway program. Exits of the program just towards the end of the Gateway, at the time work-activities would become mandatory, would reflect better the threat effect of this work-based employment program. This has been shown by Finn (2003) who discussed how two-thirds of young people leave the NDYP in the Gateway, out of which one in ten
will never attend a first interview. This rate of exit can however not only be attributed to the threat-effect of the work-activities, since job search assistance and training programs are most likely to have assisted most of these transitions. Considering the nature of the New Deal program in which work-based activities are not used as early-intervention programs (see benchmark 9), it is very difficult to clearly attribute a reliable number to its threat-effect.

The size of the threat-effect within the Dutch Work First programs has been measured by the Benchmark Work First 2006. It was recognised to be highly relevant to add a measure of the rate of claims drops prior to having to take part in those Work First projects, besides also measuring gross exit rates. As was discussed in benchmark 1, even though this is not made explicit by policy-makers, Work First programs have also been implemented in order to slow-down entry into the benefit, since this is encouraged by financial incentives. More precisely, this threat effect – or prevention-of-entry effect – was calculated by the ratio of all those who did start with the project, as a proportion of all those who were required by the municipality to take part in the project. Hence, all those who were referred to the program but did not show-up for it were considered here to have been prevented from entering the benefit scheme, since participation was mandatory for claiming the benefit.

On average, the projects for which data was available in the benchmark had a rate of prevention-of-entry of 33%. However, it cannot be said that this “drop-out” rate can fully be attributed to the threat-effect of this work-based employment program. One reason for this is that claimants who make a claim for social assistance initially receive some assistance from the Public Employment Agency (called in the Netherlands the Centre for Work and Income (the CWI)). Some of the drop-outs could thus be caused by potential claimants finding jobs through this initial assistance by the CWI. This situation would then be similar of that found in the UK, where the effect of the Gateway provisions could not be disentangled from the threat effect of the work-based program. Also, while the ratio of 33% relates to person who did not start with the Work First program, some of them might not have been completely refused a benefit, but received a partial sanction instead. As shown in benchmark 7, sanctions within the Work First projects can also take the form of a partial reduction of the benefit for a fixed amount of time. In those cases, it cannot directly be said that all those who did not start with the project also ended up not claiming the benefit. Decreases in caseload would therefore not be in direct link with this drop-out ratio, and using the wording “prevention-of-entry” might also not be appropriate. By as already discussed in benchmark 7, most programs do indeed withdraw
the benefit of those not willing to participate in the projects, meaning that the great majority of those who drop-out before the start of the project can be said to have been prevented to enter the benefit.

In terms of total exit out of the benefit, data from the Work First Benchmark 2006 shows that on average, 28% of the Work First participants return to the social assistance benefit when the project has reached its end. Reversing this thus means that 72% of the participants actually leave the benefit scheme upon completion of the program, of while it is still going on. As shown earlier 45% do find regular work, so from this it can be deducted that a large proportion will exit for other reasons. By designing Work First projects in a particular way, it might be possible that participants become eligible for claiming unemployment insurance. They will thus technically not return to the benefit, but will nevertheless be claiming social security and taking part in activation programs, but under the insurance schemes, outside of the realm of the municipality. But it can also be so that other benefits become available, such as disability benefits. Young people (who are often a large part of the target group) can also choose to return to full-time education, in which case other benefits are then available.

Information on how long the jobs gained by Work First participants are held is unfortunately not made available through the Work First Benchmark 2006. Municipalities are not required to gather such information and many of them do not invest the resources evaluate the sustainability of the jobs found by those who leave the benefit. While using database from the Tax services or surveys would provide estimates of job sustainability, such studies have not yet been undertaken in the context of Work first.

In Australia, because of generous income disregards, it is possible to be in part-time employment and also receive unemployment benefit. For this reason, finding a job does not always mean that Work for the Dole participants will actually exit the benefit. Exits from the benefit can also be for many other reasons, such as returning to full-time education or withdrawing from the labour market. For the Work for the Dole, slightly fewer than 40% of the participants were completely off-benefits 3 months after leaving the program, and slightly over 40% were off-benefit after 6 months of leaving the program. As noted by the Department itself, this indicates that first, some claimants who left for part-time employment and/or education and training did remain on the benefit, and second, that the gains from participating in the program happen within 3 months after leaving, and not on a longer-term basis (DEWR LMAO, issue 22, p.26). In addition, while a large majority of those that are “off-benefit” would leave
for employment, a proportion can also have left for other reasons. In fact, 9.8% of those surveyed 3 months after leaving the program were classified as being “not in the labour force”. This would mean that in fact, slightly fewer than 30% of those off-benefits did so for reasons other than “not in the labour force”, which is then close to the 31.4% of those in employment reported earlier. All in all, this indicates that not only exit to employment is relatively low in this program, but also total exit of the benefit when compared to that of the UK and the Netherlands.

Unclear is whether the slightly over 40% out-of-benefit rate after six months of leaving Work for the Dole as compared to the slightly under 40% out-of-benefit rate after three months can be seen as an indicator of sustainability of job placements. First, it could be so that those who would first exit the program after 3 months would not be taking part of the survey again, meaning that exit rates could only increase and not decrease in spite of some claimants returning to the benefit. Second, movement between work and “not active on the labour force” cannot be detected, and it could be so that some of the short term jobs have lead to not a return to the benefit but a withdrawal from the labour market. Hence, true job sustainability would be unnoticed by only looking at exits from the benefit.

The Department of Employment and Workplace Relations has mentioned in their last net impact evaluation of the Work for the Dole program that 70% of those referred to the program actually do take part in it (DEWR, 2006, p.11). This thus would imply a prevention-of-entry ratio of 30%. However, as also mentioned in this evaluation by the DEWR, a proportion of this non-commencement can also be due to faulty referral to the program. Even though the Active Participation Model meant that referrals to Work for the Dole programs would not anymore be done by computers but through the Job Network, some participants might be referred to the program but not need to participate in it after further examination of their situation (for example, part-time work). Nevile and Nevile (2003) mention how especially short-term work contracts can make it more difficult to determine if someone is required to participate in Work for the Dole. In any case, the difficulties with attributing this ratio of non-commencement to the threat-effect of the program are similar to that discussed above with regards to the New Deal and the Dutch Work First programs. Only survey data could provide clear answers as to why some claimants end-up refusing to start with the work-based employment programs. These are unfortunately unavailable also in the case of the Work for the Dole.
The lack of proper monitoring mechanisms in the Ontario Works program and both programs in the Canton of Geneva has been highlighted throughout this benchmark. It should not be a surprise that data the sustainability of the jobs found by participants will be very scarce. With respect to the Ontario Works program, a survey by Lightman, Mitchell and Herd (2005) of 805 leavers of Social Assistance showed that 16% of those who had left the program for employment-related reasons were not employed anymore after 8 to 10 months of leaving the program. This would suggest that about 85% of the jobs found were sustainable, and if not, then another job was quickly found by the participants. Compared to the data on the sustainability of the New Deal jobs, which showed that 77% of the jobs lasted at least 3 months, the Ontarian rate of sustainability in employment can be seen to be rather high. However, as just mentioned, this relates to sustainability in employment, and not with regard to one specific job. If looking at employment and not jobs, the UK data could very well be very close and maybe higher than that of Ontario.

Gross outflow from Ontario Works was already mentioned in the net exit-rates benchmark to be at around 20%, irrespective of the reason for leaving the benefit. As also already mentioned in the section on exit-to-work, an important decrease in rates of entry into social assistance took place since the reform of the system in 1997. As Finnie, Irvine and Seeviour (2004, p.14) showed, the rate of entry into social assistance from the total population was 6.2% in 1992 and had dropped to 1.2% in 2000. However, this could also be due to more favourable economic conditions towards the end of the 1990’s. And also similarly to what was already said with regard to the other countries’ threat-effect, many other reasons could explain drops in claims besides wanting to avoid the work-activities of the program. In the case of Ontario Works, the New Service Delivery Model was explained by Herd and Mitchell (2003, p.2) to be burdensome and inflexible, resulting in the systematic denial of claims through complicated application processes, deliberately confusing intake procedures as well as inappropriate request of information, all with the intent to reduce entry and reduce benefit levels. These issues are more likely to explain better the drop in entry into the benefit than the presence of the requirement to participate in a work-based activity within the employment assistance program.

What is very important to also mention here is that with respect to the three impacts discussed with respect to Ontario Works, the data refers to claimants of social assistance in general and not to participants in the work-based program in specific (Community Participation). Nevertheless, since the large majority of claimants do participate in this program, the results can be interpreted as being a good representation of the rates found within the work-based employment program itself.
Nevertheless, some variation could occur if selection-bias is present within the program. As mentioned earlier, this is likely to be the case since those most ready-to-work are often required to quickly accept any job, meaning that the program would contain a slightly more disadvantaged target group as compared to the total caseload. Job sustainability and total outflow could thus be overestimated in the data presented above.

As rates of exit to the labour market are barely available concerning the RMCAS and the Temporary Job program, no data could be found on the sustainability of these jobs. With respect to total exit out of the benefit irrespective of the reason for leaving, more information could be found. Within the Temporary Job program, it could be seen from Flückiger and Vassiliev (2003, p. 77) that 23.5% of all those who started the program ended up either leaving unemployment benefits. The threat-effect of this work-based program is here also very difficult to pin-point since many elements can play a role in deciding not to take part in such a program. Indeed, the CEPT (2002, p.13) showed that about 55% of those who reached the end of their regular unemployment insurance and were eligible to apply for a Temporary Job did not do so. Furthermore, their data showed that about half did so for employment-related reason, and the other half for other reasons such as withdrawing from the labour market to take care of children, or claiming other types of benefits such as disability and sickness benefits. Whether all of this can be said to be a threat-effect of the requirements of the Temporary Job programs is impossible to say. With respect to the RMCAS program, it was already shown in the benchmark on exit-to-work that about 25% of all those claiming the benefit left between June 2001 and 2002, all destination included (Fluckliker and Vasiliev, 2003, p.71). The same result had been found by Cuhna (2002, p. 5) for the years 1999 and 2000. Unfortunately, no data is available concerning the number of those who did not claim the benefit as a result of being required to take part in work-activities, so not inferences can be made concerning the prevention-of-entry ratio of this program.

It should be more than clear that the quality of the data concerning these three other impacts is rather poor and very difficult to compare from program to program. It is often not clear exactly what is being measured, or which other effects could come into play in explaining certain data. This is especially true for the prevention-of-entry ratios, but also often the case when looking at jobs sustainability and total gross outflow. A benchmark of these impacts will as a result not be possible.
9.3. Conclusions on the impacts of work-based employment programs

Since only one benchmark will make up the impacts, no radar chart will be made with respect to this part of the policy chain. The ranking of the programs based on the number of participants who returned to the labour market will thus form the total performance measurement of impact in the benchmark model. As a result, the program with the highest impact is the NDYP Employment Option, followed by the Dutch Work First programs, NDYP Voluntary Sector and EFT Options, the Work for the Dole program, the ND20plus Work Experience IAP, the Temporary Job program, the Ontario Works program and the RMCAS, in decreasing order of performance.

Nevertheless, these performance levels should be put in light of what was found in terms of the other indicators of the impact which were meant to be included in this benchmark, was it not for the lack of comparable data. As it was mentioned throughout the previous section, it is very difficult to say anything about the effect work-based employment programs have on preventing unemployed persons from actually claiming an unemployment benefit. In theory, having to perform work-activities and having to fulfil a range of activation criteria could be said to have a threatening effect on potential claimants, who would then consider claiming unemployment benefits to be requirement significant efforts and involvement. In other words, referring the intervention strategy as defined in chapter 3, work-based employment program might increase the willingness to work, even before the participants actually participated in the benefit. The previous section did show some indication of how many claimants did not enter the program.

However, events or incentives could play a role in this prevention rate, such as job search assistance being provided at the moment of intake by the Centre for Work and Income. Such interference between the requirement to take-part in the work-based program and job search assistance being offered at that time as well is present in most programs. Unfortunately, no data is available in any of the programs benchmarked which would allow to pin-point to what extent such a prevention-effect is directly caused by the requirement to take part in the work-based employment program. This can be partially explained by the type of data which needs to be gathered for such evaluations, which would require survey interviews of potential participants who do not follow-up with their claim after being made aware of the requirements of the program. The collections of such data is thus very costly, and often not within the
priority of many policy-makers who still very often first need to concentrate on improving the monitoring of participants within their different programs. If the monitoring of those who actually do not enter the program is very poor, the same can be said about those who have left the program. Indicators of the sustainability of the jobs found by participants, as well as indicators of the status of those who leave for other reasons than finding a job are not often available in the programs being benchmarked. With respect to the New Deal program, data indicated that a large proportion of those who gained a job were able to keep that job for at least 3 months. However, comparisons cannot be made with the other program since this information is either not available, or not comparable.

As a result of this lack of comparable data on prevention-of-entry and sustainability of jobs found through work-based employment programs, the impact in terms of entry into work can only put into the light of one other impact, the total gross outflow. The hypothesis to be verified is whether a program could have relatively low exit-to-work rates because emphasis would be put on reducing total caseload through any channels. Hence, one could expect that these programs could have a low score on the indicator of the exit to work, which would need to be seen in the light of a high score with respect to gross total outflow. As can be seen from the discussion on total gross outflow in the previous section, this is not the case for the programs within this benchmark. The indicators regarding gross outflow were following a similar ranking to the one according to exit-to-work, where programs with high outflow to work having also a high level of total gross outflow. Programs with low exit to work, such as the RMCAS and the Ontario Works program did not compensate this low score with high overall exit rates. Chapter 11 will discuss in further detail the implication of this finding for the level of effectiveness of those programs.
10. External factors

International comparisons of public policies are often questioned for the comparability of programs which take place in totally different contexts. What is meant with context encompasses many aspects of the policy-chain, such as differences in the level of resources invested in the programs, differences in program design, and differences in the legal parameters within which programs take place. Differences in input and processes have already been taken into account in this benchmark, and will be used to explain differences in the performance of programs taking place in different countries. External factors to the policy chain thus remain to be discussed in this chapter. These external factors are in fact the first thing that comes to mind when thinking about international differences in the context of social programs.

Chapter 4 explained how the number of indicators for external factors can easily become large as one attempt to inventories all aspects of the environment in which a program take place. However, this list of possible indicators needs to be brought down to those indicators for which data will be most likely available, and from which an important explanatory power can be expected. This will make the benchmarking of external factors manageable within the constraint of time and resources in which all benchmarks take place. For this international benchmark of work-based employment programs, three main indicators where selected: the economic context in terms of strength of the economy and the labour market, the juridical context in terms of employment conditions and protection for new entrants in the labour market, and the political context, in terms ideological background of those implementing the programs in each country.

It was also explained in chapter 4 that a ranking of those indicators with respect to the likely links between this indicator and the results of the program will not be given. Instead, the real values will be given in the tables, and these will be used in chapter 11 to analyse the links between these values and the rest of the benchmarks.

10.1. Economic context

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, Economic Outlook database 83) shows 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).

Nonetheless, the correlation between GDP growth and the strength of the labour market can be disturbed by other factors such as a large number of exits to pensions as a result of population aging. Hence, the unemployment rate and the changes in this unemployment rates might give a better indication of the easiness for benefit claimants to find jobs. Here again, this data is made available by the OECD (2008) and shows that its variation was more important than GDP growth in the countries being benchmarked. Graph 10.1 shows the unemployment rates for each quarter of 2005 and 2006 in the five countries of the benchmark. As can be seen, while four out of five countries started the year 2005 with similar unemployment rates of just under 5%, the end of 2006 showed much more divergence. While Switzerland and the Netherlands both saw unemployment decline towards 4%, unemployment actually increased by more than half a percent in the United Kingdom. Australia, which had started at a slightly higher rate than Switzerland and the Netherlands, also lowered unemployment in those eight quarters. Declines were also seen in Canada, but at a much higher starting value of 7%, such that an almost 1% decline in those two years brought unemployment rates to slightly over 6%, and thus much closer to that found in the UK.

Graph 10.1  Unemployment rates, quarterly, 2005-2006

However, using data representing country level rates for Canada and Switzerland is not the most appropriate since the programs included in this benchmark take place in smaller regions of the countries. Hence, data on these regional levels, the Province of Ontario and the Canton of Geneva, would lead to better estimates of the strength of the labour market in which these programs take place. Nevertheless, data from Statistics Canada shows that unemployment rates in the Province of Ontario were very similar to that of the total rates for Canada, with 6.6% unemployment in 2005 and 6.3% in 2006. The situation is very different with respect to the Canton of Geneva. Data from the Cantonal Office for Statistics (OCSTAT) shows that unemployment has been around twice as large in the Canton than for the country as a whole since the 1990s (OCSTAT, 2008). In fact, unemployment rates for the Canton of Geneva for the year 2005 and 2006 were respectively 7.4% and 7.0%. However, much of the data on the results of both programs related to the beginning of the 2000’s. It should thus be taken into consideration that unemployment in the Canton of Geneva, as well as in the whole of Switzerland, was much lower in those years. For the Canton of Geneva, unemployment in 2000 was 4.1% and in 2002 5.1%. For the purpose of explaining differences in results, an approximate rate of 4.5% will be used for this benchmark. In terms of changes in this rate as an indication of the dynamicity of the labour market, it can be said that this rate was thus increasing rather rapidly, since 2003 even saw rates reach 6.3% within the Canton.

The benchmark below summarises the three sub-indicators of the economic and labour market context for the country or region in which the programs take place. These will be used again in the next chapter to explain variation in the rest of the benchmark.

**Benchmark 19: Economic context**

<table>
<thead>
<tr>
<th>Country</th>
<th>GDP Growth</th>
<th>Unemployment Rate</th>
<th>Change in unemployment rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom</td>
<td>2.30%</td>
<td>5.2%</td>
<td>Increasing</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>2.25%</td>
<td>4.5%</td>
<td>Decreasing</td>
</tr>
<tr>
<td>Australia</td>
<td>2.75%</td>
<td>5.0%</td>
<td>Decreasing</td>
</tr>
<tr>
<td>Canada (Ontario)</td>
<td>2.95%</td>
<td>6.5%</td>
<td>Decreasing</td>
</tr>
<tr>
<td>Switzerland (Geneva)</td>
<td>2.80%</td>
<td>4.5%</td>
<td>Increasing</td>
</tr>
</tbody>
</table>
10.2. Labour law context

Even if the economic situation was similar in all countries in the benchmark, it could still be the case that it would be easier for participants in some countries to find a job on the labour market. Differences in ease of hiring and firing will imply that in some country potential employers might react differently to the possibility to hire someone coming from the unemployment benefit. The stricter the legislation, the less likely participants will form an interesting pool of potential workers for employers, since they might perceive the chance of needing to fire those new employees as being high. Nonetheless, strict employment regulations can also be put in relation with the rate of exit-to-work in each country, where a high level of strictness would indicate that for those participants who did find a job, job security will be relatively higher than in the other country. The OECD (2004, p. 77) discusses how strict employment legislation has the effect to reduces flows out of employment, but also reduce flows into unemployment by providing better job protection. The total effect EPL will have on unemployment is therefore very difficult to estimate, and many studies present diverging results (OECD, 2004, p. 81).

Employment protection and minimum wages also plays an important role in work-based employment programs where participants actually leave the benefit scheme to become regular employees. This was shown to be the case for the Employment Option of the New Deal for Young People and in about one quarter of the Dutch Work First projects. The conclusions on the differences in level of EPL for these two countries thus also say something about the conditions within the projects for those programs. This applies in particular with respect to benefit levels and sanctions, as sanctioning within those programs will go through employment protection legislation. Employment protection legislation is made up of many different elements of labour law. The tasks of comparing its strictness between different countries has been made much easier by the OECD, who compiled an index of this indicator, being made of in total 18 indicators. It is mostly composed of legislation protecting regular workers from dismissal, but has also been supplemented by requirements regarding collective dismissals and the regulation of temporary work contracts. Since all three of these components of the index are relevant for this benchmark, the overall index will be used. The latest data available is from the year 2003.

Within all OECD countries, the strictest EPL was found to be in Portugal (3.5), Turkey (3.5), Mexico (3.2) and Spain (3.1) (scores on the index in
brackets) (OECD, 2004, p. 117). On the other side, the lowest protection level was found in the United States, with an index score of 0.7. Four of the countries in this benchmark have index values on the lower end of this spectrum, with Canada and the United Kingdom showing the less strictness with a score of 1.1. This is followed by Australia, with 1.5 and Switzerland with 1.6. The highest level of strictness is found within the Netherlands, who received a score of 2.3.

In addition, it should be noted that both the United Kingdom and the Netherlands are member of the European Union. This means that some employment legislation will not be initiated on the national level, but will be required to be implemented in order to comply with EU directives. This fact is important to be mentioned since the idea of an external factor here takes a supranational character. Within these two EU countries, even national legislations have some “external factors” to consider when making their own laws. This of course is the case with many laws since most countries also must obey international laws in the forms of UN Treaties and ILO conventions. However, the benchmarking of these treaties has been left outside of the scope of this benchmark. The reasons for this is that only a small amount of variation is expected between the countries within this evaluation and the explanatory power such variation would have on the performance of their programs is also expected to be weak.

Besides the strictness of EPL, minimum wages also have an influence on the participants in work-based employment programs. Similarly to the level of employment protection, high minimum wages will make it more difficult for claimants to find a job, but will ensure more financial security to those participants who do find a job (see, amongst others, Immervoll (2007) on the effect of minimum wage on employment). Total effects on this benchmark are difficult to estimate, but these indicators will bring indicators such as the exit-to-work ratios in a broader perspective. As above, minimum wages were already mentioned earlier in the process benchmark with respect to the two programs where participants actually receive a salary in return for their participation in the program. Data concerning minimum wages across a large number of developed countries is also provided by the OECD, and Immervoll (2007) has extended the comparability of these wages by calculating and comparing their tax treatment. The wages have also been converted to US dollars and adjusted for Purchasing Power Parity (PPP) in order to allow for truly comparable amounts. Immervoll thus shows that there is actually only a very minimal difference with net wages in Australia, the United Kingdom and the Netherlands. All three countries show net minimum wages adjusted for international comparison to be just slightly above 7 US$ per
hour (Immervoll, 2007, p. 13). Canada’s net minimum wage is lower than this, at around 5 US$ per hour adjusted for PPP. Switzerland, on the other hand, does not have any legal minimum wage, a situation similar to countries such as Germany. Nevertheless, net minimum wages are mostly relevant when looking at the financial situation of those who joined the labour market. In order to explain difficulties in finding jobs due to high minimum wages, the cost of hiring minimum-wage employees will give a better indication. Immervoll (2007, p. 15) also presented internationally comparable minimum-wage labour costs and showed that the highest costs were found in the Netherlands, with about 12 US$ per hour of labour. This was followed by Australia at 9 US$, the United Kingdom at slightly above 8 US$, and Canada, at 7 US$. Hence, while rankings are preserved, the Netherlands become more of an upper outlier and Canada converges towards the value of the other two Anglo-Saxon countries. Here again, no data available for Switzerland.

These two indicators represented the legal context of the environment surrounding work-based employment program. As chapter 4 mentioned, many more legislations could be seen as being part of the external factors influencing work-based employment programs. However, these two sub-indicators were chosen for the most likely variation they would have between the five countries as well as the important link these have with the impact of the program. Chapter 11 will go on with the analysis of these indicators of the labour law context in relation to the rest of the benchmark.

Benchmark 20: Labour law context

<table>
<thead>
<tr>
<th>OECD Strictness Index</th>
<th>Employment Protection Legislation</th>
<th>Minimum wage (in US$)</th>
<th>- Net value</th>
<th>- Labour cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom</td>
<td>1.1</td>
<td>- 7</td>
<td>- 8</td>
<td></td>
</tr>
<tr>
<td>The Netherlands</td>
<td>2.3</td>
<td>- 7</td>
<td>- 12</td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td>1.5</td>
<td>- 7</td>
<td>- 9</td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td>1.1</td>
<td>- 5</td>
<td>- 7</td>
<td></td>
</tr>
<tr>
<td>Switzerland</td>
<td>1.6</td>
<td>- n/a</td>
<td>- n/a</td>
<td></td>
</tr>
</tbody>
</table>
10.3. Political context

While the two benchmarks above were expected to help in mostly explaining differences in impacts, the analysis of the political context will assist in the understanding of choices within the input and the process of the programs. Indeed, objectives, target groups, choice of program design and approaches will most likely be better understood when one is aware of the politics behind those programs. This benchmark intends to not only present rankings for each program, but spend considerable efforts in justifying those rankings and explaining the background of each program elements being ranked. This is done not only for the sake of sound methodology, but also for the ease of readability. Indeed, the danger is that one does not fully grasp the issues being discussed if too little information is being given within each ranking. As a result, the political context in which each program was implemented was already a large part of the discussion of the objectives of the program, as found in the first benchmark within the input-benchmark. This last benchmark can thus be seen as forming a loop between the end of the policy-chain and its start, as external factors surely play a role in choosing the level of input for the program. Even more specifically, the political context within the country or region is directly linked with the objectives of the social security system in general, and the work-based employment programs in specific.

Two indicators where chosen in chapter 4 to describe the political context in which work-based employment programs have been implemented and possibly reformed. The first indicator is the political ideology of the party (or coalition) that introduced the program. In order to facilitate comparisons, this indicator will be brought down to their place on the socio-economic ideology spectrum with respect to labour market intervention, from supply-side orientation on the left of the spectrum to demand-side orientation on the right of the spectrum. However, some of the work-based employment programs in this benchmark were first implemented quite some years ago, so it is possible that the current configuration has been mostly influenced by a new political party (or coalition) who would have become elected as the new ruling party. As a result, the second indicator with respect to changes in ruling party or coalition will be added to this benchmark, with three options possible: 1) no changes, 2) move towards the left of the spectrum, or 3) move towards the right of the spectrum.

As already mentioned above, it was already discussed within the objective benchmark that political parties and coalitions had a great influence on the implementation of work-based employment programs. In trying to keep this research concise and to avoid unnecessary
repetitions, the reader is thus referred to section 6.1 for a more detailed description of the political events surrounding the implementation of work-based employment programs. Nevertheless, since the data collection in section 6.1 was not focused on the present indicator, it is still worth shortly discussing which party or coalition introduced the programs, and whether a new party brought changes to the programs in the meanwhile.

Interestingly, almost all programs were implemented at the time where a political party or coalition was just newly elected as the ruling party or coalition in the government. The promises of a reform of social security and the increase in activation conditions for the unemployed were to a high degree a main part of their election platform. In Australia, Work for the Dole was introduced by the newly elected Coalition Government in 1997 (Martyn, 2006). This program was to replace the Working Nation programs which had been created by the Keating Government in 1994 (Martyn, 2006). This means that Work for the Dole was introduced at a time when Australia’s government shifted from a centre-left social-democratic ruling towards a centre-left liberal ruling. The Coalition Government how thus had first introduced Work for the Dole has remained in power until the end of the period for which data was collected in this benchmark. It was however defeated in the elections of November 2007 by the Australia Labour Party, but this fall outside of the scope of this benchmark.

The New Deal was implemented by the newly elected Labour Party which had ended 18 years of ruling from the conservatives in 1997. The election platform of the Labour Party was highly focused on the “Third Way” in which supply-side solutions to the problem of unemployment found their ideological grounding (Finn, 2003). Hence, as opposed to the work-based employment programs in Canada and Australia, the New Deal was implemented from a centre-left ideological perspective. In addition, the Labour Party was still ruling government until the end of 2006 and beyond, so no changes will be registered in the second indicator of this benchmark.

Similarly to the situation in Australia and the United Kingdom, Ontario Works was implemented as a new party was elected in the provincial parliament of Ontario. The Progressive-Conservative Party of Ontario, a centre-right party active on the provincial level in Ontario, had won the election in 1995 mostly through an election platform called the “Common Sense Revolution”, which proposed drastic reforms in social assistance (unemployment insurance being under the responsibility of the federal government) (Lightman, Mitchell and Herd, 2005). However, the party
did lose the 2003 elections the Ontario Liberal Party, a centrist party
(“liberal” has to be understood here in its North-American context). The
only notable change made to the program between the time the party
came into power and the period of references for the data collection on
this program in the benchmark had to do with the intake procedures for
the benefit, which were simplified somewhat by going from a two-step
procedure to only one step (see Lightman, Mitchell and Herd, 2004
[ser.del.mod]). More changes were intended by the new government but
have yet to be implemented or where only recently implemented (see
Mattheuws, 2004).

In the Netherlands, two levels of government are relevant for the political
context of the Work First projects. On one side, national legislation and
the political choices of the parties forming the coalition which rules in
parliament has had great influence on the general direction of social
security provision within the country at large. Up to July 2002,
government was ruled by a centrist coalition of the Labour Party, the
Liberals and a centrist party, the D66. This coalition had initiated the
reform of the implementation structure for social security, the SUWI
reform. This act, which came into power in 2001, laid an important basis
for the implementation of work-based employment programs as it
focused on the efficient delivery of social provision. Nevertheless, the
reform of the Work and Income Act (WWB) on social assistance had the
largest implication for work-based employment programs. This reform
was initiated by the newly elected centre-right coalition made up of the
Christian-democrats, the liberals and the fast rising right-wing party
newly created by Pim Fortuyn. Three elements were crucial for the
increase in number of Work First projects being implemented. First, the
new WWB gave large financial incentives to the municipalities for
reducing caseloads, within giving incentives in how this should be
attained. Second, the definition of the type of work that had to be
accepted by claimants went from “suitable work” to “generally accepted
work”. And third, municipalities were allowed to use the services of
private providers for the delivery of social programs. Following these
changes, as many as 80% of the Dutch municipalities have said to use
some form or another of work-based employment programs (Divosa,
2006).

On the other side, the local government in each municipality will actually
be the one choosing whether or not to implement a work-based
employment program, and will be free to make most decisions with
respect to its design. The process-benchmark indeed often repeated how
many elements of the process varied greatly from one project to the other.
Hence, local politics can be expected to have a great impact on the choices

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made by local policy-makers. As can be seen from the data collected by the Work First Benchmark 2006, the large majority of the municipalities were governed by centralist coalitions, made up of parties from both the centre-right as the centre-left side of the ideological spectrum. A further analysis of the variation within the projects in the Netherlands is outside of the scope of this benchmark since international variations are the focus of this evaluation.

The oldest of the work-based employment programs in this benchmark are the two programs from Geneva. The RMCAS was implemented in 1995 and the Temporary Jobs (in their current form) in 1997 (Fluckiger and Vasiliev, 2003 and 2005; and CEPP, 2002). In those years, the Liberal party was the largest in the Geneva canton parliament, the “Grand Conseil”, and this party is still up till now remains the largest. With respect to the RMCAS, a plan was made to merge it with the basic Social Assistance benefit into one single benefit where work-activities would be required from all claimants (November, 2002). This proposition was however rejected by a referendum in June 2002, with 58.8% of the voters against the reform (November, 2002).

The benchmark bellows summarises the two indicators of the political context as part of the external factors having an influence on the programs. Although surely much more can be said about the rise and fall of different political ideas and arguments for work-based employment programs, such as detailed account of the political developments in each country falls outside of the scope of this benchmark. It can nevertheless be concluded that four out of the five countries taking part in the benchmark saw work-based employment programs being introduced by recently elected centre-right parties or coalitions. Only in the UK did the work-based employment programs find its roots in a centre-left party, the implications of which were already discussed at length in the benchmark of the objectives of the program in section 6.1.1.

**Benchmark 21: Political Context**

<table>
<thead>
<tr>
<th>Country</th>
<th>In government</th>
<th>Change in ruling party / coalition</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom</td>
<td>Centre-Left</td>
<td>No change</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>Centre-Right / Centre</td>
<td>No change</td>
</tr>
<tr>
<td>Australia</td>
<td>Centre-Right</td>
<td>No change</td>
</tr>
<tr>
<td>Canada</td>
<td>Centre-Right</td>
<td>Change to left</td>
</tr>
<tr>
<td>Switzerland</td>
<td>Centre-Right</td>
<td>No change</td>
</tr>
</tbody>
</table>
10.4. Conclusions

In general, the external factors indicate a smaller amount of variation between the countries than when the rest of the policy chain was being benchmarked. The UK and Canada stick out with respect to the economic situation. The Netherlands and Switzerland diverge from the others when looking at the labour laws, since the Netherlands had clearly a much more strict level of employment protection, and Switzerland has no minimum wage. At last, the UK shows a much different situation in this benchmark with respect to its political context.

Following the hypothesis formulated in chapter 4, this would imply that it can be expected that exit-to-work would be constrained by high unemployment rates in the UK and Canada, as well as in Switzerland because of its increasing movement. Exit-to-work would also be expected to be lower in the Netherlands because of strict employment protection legislation and high costs for employing minimum wage labour. On the other side, this would also mean that the Dutch participants who did find a job through Work First would have a higher level of employment security. At last, the New Deal being implemented by a centre-right party, it can be expected that this program would be more focused on supply-side solutions to unemployment through the increase in human capital of those claiming benefits. As it can be remembered from the benchmarks presented earlier, some of these hypotheses prove to be wrong, but others do show some links between these external factors and the rest of the benchmark. Since the next chapter has for objective to combine all the information provided through the benchmarks and analyse their underlying relationships, more will be said in that chapter concerning the external factors and its influence on the rest of the policy-chain.
11. Benchmark synthesis

A number of conclusions have already been drawn from the analysis presented so far. First, there is a wide variation in the type of input and process involved in work-based employment programs in the countries included in this research. This means that one should be careful when speaking of “workfare” or work-based employment programs using generalisations. In addition, the variation found in the input-benchmark was not the same as found within the process-benchmark. Actually, both differed greatly from each other in terms of which program could be expected to perform best when looking at output and impacts. Second, it was made evident that there is also a wide variation in the results of those programs, both in terms of their outputs and their impacts. Answering the question of whether work-based employment programs do succeed in assisting the unemployed in finding jobs thus really depends of which programs is considered. Third, while external factors are important in understanding the background and results of social programs, the amount of variation found in the indicators of this benchmark was smaller than expected. Nevertheless, some outliers with respect to either of the economic, legal or political context will possibly provide for some explications on diverging design and results.

Conclusions on the relationships between all these separate indicators remain to be drawn in this chapter. By looking at the links between inputs, process, outputs, impacts and external factors, the efficiency and effectiveness of each program will be determined. Moreover, the analysis of the inputs and process with respect to the outputs and the impacts will allow specifying the determinants of success or failure of the programs in this benchmark. Through this, recommendations can be given in the next chapter on how to best design a work-based employment program in order to achieve the aim of fostering a return to the labour market.

11.1. Effectiveness

Measuring the effectiveness of a program means measuring to what extent it has reached an objective. This objective can be either determined by the evaluator, or be taken directly from the program to be evaluated. In this benchmark, a combination of both will be done. First, chapter 3 discussed how the intervention strategy of work-based employment program is meant to increase the return to work of the unemployed. A high return-to-work ratio for the participants in the program is thus chosen in this benchmark as the main objective for the measurement of effectiveness. Nevertheless, it was also discussed how this intervention
strategy is made of three different dimensions: the willingness to work, the ability to work, and access to work. These objectives relate more to the output of the program and can also be part of the objective of the programs in the benchmark. An evaluation of the extent to which each program reaches the objectives it made explicit in policy documentation will thus also be done.

The effectiveness of the programs with respect to the return to the labour market has thus already been discussed when presenting this indicator in chapter 9. The most effective program was shown to be the Employment Option within the New Deal for Young People, with more than 55% of its participants in a job by the end of the program. The Dutch Work First programs came in second, with on average 45% of the participants joining the labour market. The Voluntary Sector and the Environmental Task Force options of the New Deal for Young People and the Work for the Dole programs then came in third, with somewhere between 25% and 30% of their participants finding a job. The ND25+ and the Temporary jobs program come next with a return to work ratio of one fifth. The least effective programs with respect to return to work are the RMCAS and Ontario Works, with only 1 participant in 10 leaving the work-activities for the labour market.

Benchmark 1 had showed that return to work was a strong objective in the Netherlands, Canada and the United Kingdom. Within this perspective, the good results of the Work First in the Netherlands can be said to be showing a high level of effectiveness, not only according to the objective of this evaluation but also according to the internal objectives of the program. On the other side, the very poor results of the Ontario Works program does highlight the great ineffectiveness of this program, even taking its own objectives into account. Internal effectiveness with respect to the New Deal programs diverges depending on which program is being looked at. This is due to the fact that all New Deal programs share the same general objective while results vary greatly between its different components. The New Deal thus clearly reaches its objectives with the Employment Option of the NDYP, and much less with the Work Experience / Placement IAP of the ND25+. Nevertheless, with respect to these last programs as well as for the VS/ETF Options, the objectives of these specific components of the New Deal programs did bring some nuance in the focus on return to work. In fact, all these options could also be shown to intent to provide work experience to the participants, and especially in the ND25+, allow the participants to get back in touch with the realities of working (see Hasluck and Green 2007, p. 45). Hence, the indicator with respect to the objective of the program could be nuanced here away from a strong focus towards return to work, making internal
effectiveness less low than it would first appear. Nevertheless, external effectiveness according to the objectives given in this benchmark remains at its lower level. It should also be noted how it was shown that within the ND25+ the Subsidized Employment program, although too small to include in the benchmark, was much more effective in assisting participants in being employed by the end of the program. Its outflow to work ratio was closest to that of the Dutch Work First programs.

It is true that the return to work objective is less central to the Work for the Dole program. Nevertheless, 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, and Burgess et. al. 2000). In order to provide a complete evaluation of both the internal and external effectiveness, the Work for the Dole will also be evaluated against its own objectives next. Concerning the two Swiss programs, both the RMCAS and the Temporary Jobs programs 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, Fluckliler and Vasiliev, 2003 and CEPP, 2002). It is nevertheless the case that the Temporary Job does not have the objective to assist the return to work of its participants. On the contrary, its objective is allowing unemployment claimants to be eligible for a second term on the benefit. 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 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 possibly find out that a high rate of return to the labour market is achieved through this design, while being unintentional. Unfortunately, this turned out not to be the case, and as already discussed earlier, this program has one of the lowest rate of return to the labour market. An explanation for this will be discussed later on.

Effectiveness with regards to the intervention-strategy of each country has to be related to the sub-objectives of benchmark 1. This benchmark shows that increasing the skills of the unemployed is an important objective of the New Deal programs as well as the Dutch Work First projects, although the latter to a lesser extent. The Work for the Dole program also aimed at somehow increasing skills, although this was more indirectly intended, through providing work experience and not formal skills and qualifications. The objectives of increasing skills levels is
evaluated against the output indicator with respect to the amount and quality of the training provided through the work-based employment programs. Benchmark 15 shows that the training elements of the New Deal program are in fact the best ones in this benchmark, as they both scored a 5. The objective to increase the skills of the unemployed has thus been achieved by providing all New Deal participants with a substantial amount of formal training in the work-based employment programs. The New Deal can therefore be said to be very effective according to both the general objective of increasing exit-to-work and its more specific intervention-strategy aimed at increasing skills levels. The Work First projects in the Netherlands had received a score of 3 with respect to training, and in the view that the objective of increasing skills was not as strong as in the UK, it does not strike out as being particularly ineffective with respect to this objective. The Work for the Dole had received the lowest score with respect to formal training, but as explained earlier, the improvement of skills was not meant to be done through formal training but rather through work experience. Hence, it cannot be said to be ineffective with regards to its own training objective.

The aim of creating a mutual obligation was central to the Work for the Dole program, the Ontario Works programs and the RMCAS programs. In these three programs, the requirement to participate in work-activities was justified by the need for the benefit claimants to give something in return for the financial assistance they receive. Naturally this objective is being achieved de facto in these programs, by designing work-based employment programs as part of the benefit scheme. Nevertheless, effectiveness here can be evaluated by looking at the coverage of the work-based employment system. The reasoning behind this is that a program with a very low coverage would thus not succeed in requiring this mutual obligation from most of its claimants. As can be seen from the radar charts in the output-benchmark, the highest coverage was found in the Ontario Works programs as well as the Temporary Jobs program. In both these program, about half the benefit claimants participated in the work-activities. Thus according to the intervention strategy of the Ontario Works program, it does succeed in being effective in achieving its aim to create a high level of mutual obligations. This contrasts with its very low effectiveness with respect to its objective to increase the outflow to work of its participants. Coverage was at a medium level in both the Work for the Dole program and the RMCAS, making these programs less effective than Ontario Works with respect to creating mutual obligations. Also interesting is the fact that coverage is very low in those programs that did not focus on mutual obligations, the New Deal and the Netherlands.
The objective to increase access to work for benefit claimants was in none of the program a central element of its intervention strategy. Nevertheless, the official objectives of the Work for the Dole do state that the program aims to help the unemployed build networks, which can then be of great importance in finding a job. The extent to which this is being achieved was discussed in the benchmark on supervision and guidance, and in specific the supervision provided by the Community Work Coordinators. It was shown there that there is substantial evidence from surveys that the high commitment level of the Community Work Coordinators (CWCs) is the key element in the program’s results (see Nevile, 2003). Many CWC’s were reporting that they attempted to find jobs for their participants though potential employers they knew or through their own organisation. However, such assistance in accessing the labour market cannot be said to be part of the official design of the programs as it is neither being enforced by the Department nor by Centerlink. This lack in the enforcement of this objective is even weaker considering the fact that there are no financial incentives in the contracts between Centerlink and the CWC’s with respect to participants finding jobs. The overall score for the output-indicator was moreover much diminished by the very low level of supervision and guidance from Centerlink itself. The conclusion which can be drawn from this is that this objective is being attained in the program, but not resulting from transferring this objective to the implementing bodies of the program, but from the goodwill of those implementing it. Such an effectiveness level is thus very fragile, as it is neither monitored nor enforced by the government body responsible for the program.

One last objective should also be discussed with respect to the Work for the Dole program, being the objective to increase the self-esteem of the benefit claimants. Carson, Winefield, Walters and Kerr (2003) reviewed two major studies on the experience of Work for the Dole participants performed by the government department responsible for the program. These studies surveyed participants on the topic of self-esteem, psychological well-being and work attitudes, and presented noteworthy results on the extent to which the objective with respect to building self-esteem is being achieved. The program was found to have no effect on the level of self-esteem of the participants, unless the program did lead to a sustainable job deemed “worthwhile” by the participants. Carson, Winefield, Walters and Kerr also note how this increase in self-esteem is thus not directly created by the program, but appears only after completing the 6 months program and exiting for employment. In addition, these studies showed that attitudes and commitment with respect to work where actually high before the claimants started the program, and that these remained high throughout the program, which
according to the authors did contradict the assumptions about the lack of motivation of the benefit claimants. On the other side, the program was found by Carson, Winefield, Walters and Kerr to have a positive effect on the psychological well-being of the participants, mostly through preventing boredom and social exclusion. All in all, with respect to its own objective of raising self-esteem for participants, the program can be concluded to be ineffective. Since only one third did find a job through the program, and possibly a smaller proportion did find a job which was worthwhile to them, the large majority of the participants did not see the program have any influence on their self-esteem.

To sum up the findings so far on the effectiveness of the programs in this benchmark, efficiency with respect to return to work was found highest in the New Deal for Young People Employment Option and the Work First programs. Both these programs also had a very strong focus for this objective in their program, so these can be said to be efficient with respect to this benchmark’s criteria for efficiency as well as with respect to its own objective. Efficiency was found to be low in the RMCAS program, Ontario Works, the Temporary Jobs, and the New Deal 25+. Return to work was a strong objective of the Ontario Works programs and to a lesser extent in the New Deals programs, but not for the other two. The Work for the Dole program and the V5/ETF Options of the NDYP were found to also be performing rather low, but still better than the those four programs just mentioned above. With respect to their own objectives, the objective of raising skills was found to have been reached in the UK. The Ontario Works program did reach the objective of creating mutual obligations, and this was less the case for the Work for the Dole program and the RMCAS, who also shared this objective. The Work for the Dole program also failed to raise self-esteem for its participants, and the effectiveness achieved with respect to building networks was a weak one. The temporary job program had a very different objective, that of allowing the participants to become eligible for a second period of unemployment insurance, and because of its high coverage it can be said to have achieved this objective.

External Factors

Effectiveness should however be looked at in the light of the external factors, as these could explain why some countries are performing better than others in this benchmark. It was already explained that impacts should optimally be corrected for differences in external factors as to truly portray the differences they make in the increasing outflow to work. Unfortunately, data on net impacts were not available for most of the programs in this benchmark. The second-best solution to this is to look at
the return to work ratios in comparison with the indicators of the external factor benchmark. Although this will not allow a quantitative correction of the data measured under the impact benchmark, it will make it possible to at least qualitatively acknowledge those factors.

The problem with most of those external factors is that their effect on the rate of outflow to work is not straightforward. This has already been discussed in both chapter 4 and in its benchmark chapter, so this discussion will not be repeated here. In general, it can be acknowledged the higher unemployment rate in Canada could contribute to making it more difficult for Ontario Works participants to find jobs. However, this rate has been decreasing from the beginning of the 2000s onward (Statistics Canada, 2007). That is not to say that this factor alone can be made responsible for lower effectiveness, and that all things being equal in the economic context, this program would perform just as well as the NDYP Employment Option and the Dutch Work First programs. In fact, it can be shown that programs within the UK all had rather diverging degree of success, pointing to other factors than external factors as a main explanatory factor for good results. The next section will show that input and process also provide some explanations as to why this program performs worse than the others.

Other impacts

Effectiveness has so far been relative to achieving high rates of outflow to work or a high level of output which eventually leads to high rates of outflow to work. As discussed throughout chapter 9, very little data is available which would allow the comparison of other important impacts of work-based employment programs. In particular, different approaches to work-based employment programs could have varying impacts with respect to job sustainability and on the preventive effect they have on entry into the programs. But without this data, this benchmark is unable to make conclusions on effectiveness with respect to these objectives, whether or not these are aimed at by the programs. In addition, it was also mentioned how total caseload reduction, without specifying that this needs to be through movements into employment, can also be an important objective of employment programs. Indeed, this was shown to be the most central within the Dutch Work First programs. Chapter 9 had concluded on this that this was indeed the case that that total caseload reduction was highest in that country, such that with respect to over caseload reduction, the Netherlands can also be said to have reached its objective.
It should thus be clear that “success” and “performance” will mostly be based here on one single impact indicator, the outflow to regular work. Efficiency and effectiveness should therefore be understood as being with regard to what can be said to be the central aim of work-based employment program. In other words, this benchmark cannot provide a measure of the overall success of work-based employment program. Nor does it attempt to measure all impacts these programs have on the individuals, since most are unmeasured. That is not to say that these program might not have a significant impact on other aspects of the lives of participants, such as alleviating social exclusion, improving psychological well-being, providing a stepping-stone for reaching out to other social provisions such as social housing, or improving other areas of life such as financial stability, interpersonal relationships, and much more. This area of research which is taking a broader perspective on the problem of unemployment is a very promising one, and as the results of this research agenda become available, the social benchmark model developed here will be able to include them in its evaluation criteria.

11.2. Efficiency

Efficiency is defined as the extent to which the results of the program match up its level of investment. The definition of “investment” has to be interpreted differently than usual in this benchmark, since this will be measured by the input which relates more to the initial resources and parameters of the program than financial costs. The question is then whether countries which had a low effectiveness level actually did not present the initial conditions within the program which could foster high return to work ratios. On the other side, analysing whether programs with high level of input also achieved the best results allows to test the hypothesis made when ranking each countries. Inputs where ranked based on their expected effect on results, with a high rank expected to lead to better results. Incongruence between the level of inputs and impacts could thus be explained two factors. The first is that other parts of the policy chain would have a stronger influence than the inputs. And thus the second one being that rankings did not follow the appropriate hypothesis as to the extent to which a certain input indicator is expected to lead to better result. Such a possibility was in fact discussed with respect to two of the seven input indicators, namely the level of the benefit and the harshness of sanctions. Special attention should thus be given to these two indicators when looking at the efficiency of the programs.
From the radar charts and the surface measure of performance of the input-benchmark, it is apparent that the Dutch Work First programs and the Ontario Works programs have the highest total level of input. In other words, the initial conditions in place are most likely to make sure the program will succeed. The lowest level of input is found in the Temporary Jobs programs. The other four programs have total levels of input close to each other, at about half to two-thirds of what is found on the aggregate level in the two best programs.

By crossing over the two indicators of impacts and input, a four-quadrant typology is then formed, as shown in figure 11.1. The upper portion of the figure is where effective programs can be found. The y-axis shows the overall performance measure for the inputs, such that the right side of the figure contains the programs with the highest level of input.

Figure 11.1  Input-efficiency in four quadrants

In the first quadrants on the right and upper side in the figure both the inputs and the impacts are high, meaning that the program is being efficient in transforming input into impacts. In other words, investing in a high level of initial conditions for the program has paid out and the program has been successful. This is thus the case for the Dutch Work First projects, which are the only programs in this quadrant. The situation is very inefficient in the Ontario Works program, since it also shows a high level of input, but this program is found in the lower side of the figure where impacts are low. This program is therefore the most inefficient program in this benchmark. The situation in both Swiss as well
as the ND25+ programs is different, since the low impacts where reached through low level of initial conditions which where needed for a successful program. Such a situation cannot be said to be inefficient, since their low impact is compensated by low input, such that resources and efforts cannot be said to have been wasted on a programs with bad results. On the other side, the NDYP Employment Option program has reached the best results with a similar level of inputs. This makes this program the most effective of the benchmark, because is succeeded in reaching high rates of return to work even though the initial conditions to do so where not optimal. At last, the Work for the Dole program and the NDYP Voluntary Sector and Environmental Task Force Options are found very close to the centre-left of the figure, meaning that (slightly lower than) average inputs created average impacts.

The ranking of the input-indicators was done based on the hypothesis that a high rank would result to high impacts, so it is not surprising to see a more or less linear relationship between these two elements of the policy chain. However, the very high level of efficiency measured in the NDYP Employment Option might also point towards some rankings not actually following the right direction. Hence, instead of having low levels of input, the UK would actually be found to have high levels of input. One way to solve this is through looking at the radar charts for the inputs. What can be seen is that while the size of the overall input level is the same between these programs, their shape is different. This indicates that explanation for the links between impacts and inputs must be looked at within single indicators. Looking at those single determinants of success will be done in section 11.3 next.

Efficiency can also be defined in terms of the process. Process-efficiency measures the extent to which the choices in the process resulted in a high level of impacts. Here again, a four quadrant graph can be used to show the different combinations of process level and impacts in the programs of this benchmark. High outflow to work can still be found in the upper part of the graph, and low outflow to work in the lower part. Process is then plotted on the left-right axis, with high overall scores in the process benchmark on the right, and low overall score on the left. Here again, the top-right quadrant can be said to show a high level of process-efficiency, since the high level of process was matched by a high level of impact. Consequently, the NDYP Employment Option and the Dutch Work First programs can be said to be efficient, and the Temporary Job and the ND25+ programs to be inefficient.
Figure 11.2 Process-efficiency in four quadrants

For the Ontario Works program and the RMCAS, the overall scores on the process are low and low impacts are thus realised. This situation here also cannot be said to be inefficient, since they can be expected from the choices being made in this program. The Work for the Dole program and the NDYP VS and ETF Options on the other hand do achieve better results than the Ontario Works program and the RMCAS, through slightly better process levels than these two programs. In fact, it is found somewhere in between the NDYP Employment Option and these two programs, meaning that it achieved average results with average process scores. The Work for the Dole and the NDYP VS/ETF Options were also found to be in this middle position with respect to input-efficiency. In general, it can also be seen from the two previous figures that, as compared to the input-benchmark, the relationship between the process and the impacts is much more linear.

At last, output-efficiency can also be measured through this benchmark. The intervention-strategy explained how increasing the ability, willingness and access to work of the participants will increase the chances they find a job on the labour market. Comparing the amount of training and supervision/guidance to rates of outflow to work will thus allow measuring the output-efficiency for each program. When taking the average ranks of the training indicator and the supervision and guidance indicator, the highest ranks are found in the two New Deal programs, with the NDYP receiving a 5 and the ND25+ receiving a 4.5. The Dutch Work First projects receive a 3, and all the other programs receive an average score of 2. This makes the Employment option and the Work...
First programs efficient because of high output and high impact. The other New Deal programs and then inefficient because they have high output but low impact. The Work for the Dole can be said to be very efficient side since it score also a 2 on the output, but had better results than the programs with a 2 on the output indicators. The two Swiss programs and the Ontario works program are efficient through both low output and impact.

Coverage was the third elements in the output benchmark and should also be put in relation to the impact of the programs. Indeed, a low coverage would point to the fact that a program does not reach many unemployed persons in the benefit, and that the efficiency and effectiveness which is being achieved only benefits a few individuals. The work-based employment program, in some case as part of a larger program, thus will not contribute a lot to decreasing caseloads in general. Interestingly, the programs which have the best scores with respect to efficiency and effectiveness also have the lowest coverage rates. As a result, even though a large part of the participants in the NDYP work-based options, the ND25+ work-based intense activity period, and the Dutch Work First programs do actually find a job through these programs, they are not likely to have a great impact on decreasing the total unemployment caseloads. On the other side, programs such as Ontario Works and the Temporary Jobs programs have the potential to have a larger impact on caseloads, since many claimants participate in their work-activities. But these two programs are also having a low rate of outflow to work, meaning that their total effect on caseloads still is not very large.

Input-efficiency, process-efficiency and output-efficiency thus all contribute to the final results each program is able to reach. Table 11.1 on the next page summarises for each program their level of efficiency on each of these elements of the policy-chain.

The efficiency of the New Deal for Young People Employment Option and the Dutch Work First programs can be mostly explained by their high efficiency level all throughout the policy-chain. Efficiency is also reached by the RMCAS program, although this is because low impacts where achieved through low levels of input, process and output. This program can however hardly been seen as successful, as shown by its low effectiveness level. The Work for the Dole does not strike out as being particularly successful, but since this program also only reach average levels of inputs, processes and output, it can also be said to be efficient.


<table>
<thead>
<tr>
<th>Country</th>
<th>Input-efficiency</th>
<th>Process-efficiency</th>
<th>Output-efficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>United Kingdom</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NDYP EO</td>
<td>Very efficient</td>
<td>Efficient (H/H)</td>
<td>Efficient (H/H)</td>
</tr>
<tr>
<td>NDYP VS/ETF</td>
<td>Average</td>
<td>Average</td>
<td>Inefficient</td>
</tr>
<tr>
<td>ND25+ IAP</td>
<td>Inefficient</td>
<td>Efficient (L/L)</td>
<td>Efficient (L/L)</td>
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<td><strong>The Netherlands</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work First</td>
<td>Efficient (H/H)</td>
<td>Efficient (H/H)</td>
<td>Efficient (H/H)</td>
</tr>
<tr>
<td><strong>Australia</strong></td>
<td>Average</td>
<td>Average</td>
<td>Very efficient</td>
</tr>
<tr>
<td>Work for the Dole</td>
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<td></td>
<td></td>
</tr>
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<td><strong>Canada (Ontario)</strong></td>
<td>Inefficient</td>
<td>Efficient (L/L)</td>
<td>Efficient (L/L)</td>
</tr>
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<td>Ontario Works</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Switzerland (Geneva)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Temporary Job</td>
<td>Efficient (L/L)</td>
<td>Inefficient</td>
<td>Efficient (L/L)</td>
</tr>
<tr>
<td>RMCAS</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: H/H = high (input / process / output); and high results
L / L = low (input / process / output); and low results

The same can be said about the NDYP Voluntary Sector and Environmental Task Force Options, although these were found to be inefficient with respect to output. The Temporary Job program has one of the best overall ranking for its process, 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.

The New Deal 25+ was in the same situation, with low input and process also relatively high, although much closer than the average. In the Canadian program, the opposite is true, where a high level of input was not matched by high ranks on the process indicators, resulting in poor impact level. Findings on these two programs point to the need to match input to output in order to reach optimal levels of impact. In other words, high inputs or high process alone are not sufficient in order to guarantee the success of the program.

11.3. Determinants of success: the carrots-and-sticks index

Not only total levels of input, process and output are important in understanding the source of performance gaps in the programs, but single indicators can also provide interesting insights in the links between
design and results. As was noted in each second section of the previous chapters, the radar charts were used not only to illustrate the total size of each element of the policy chain, but also to visualise the differences in focus in the input, process and output. Although these differences where mentioned in each of those sections presenting the radar charts, these were not linked directly with the results of the programs, or the other elements of the policy chain.

Target Groups

The net-impact of labour market programs is usually also calculated by correcting for the characteristics of the participants in the programs, which might not be representative of the total population. Indeed, it could be so that the selection of the participants for the programs (either through mandatory or voluntary allocation) is biased towards persons with more or less barriers to work. A program with a target group which is very close to the labour market would therefore have better results than other programs, even though other elements of the policy chain would be similar. This was indeed the hypothesis formed when ranking the indicator of the target group in the input benchmark (Benchmark 2).

Looking at only the rankings on the target groups and the outflow to work, the hypothesis that young and short-term unemployed persons will lead to better results is only partially proven. In line with the hypothesis, target groups where favourable to good results in the NDYP Employment Option and the Dutch Work First programs. On the other side, the ND25+ and the two Swiss programs had the most difficult target groups and results where also lower in line with the hypothesis. However, the best score for target group was found in the Work for the Dole program, who only reached average results in terms of outflow to work. Similarly, the target group of Ontario Works was ranked in the middle of the range, but this program had the lowest score in the benchmark (together with the RMCAS). Thus, despite having a relatively easier target group in terms of age and unemployment record, this program was not able to reach good results. Looking back at the discussion on the Ontario Works target group, it was mentioned how lone mothers make-up a third of the participants. Perhaps the presence of a large group of lone mothers could mean that the target group of the Ontario Works program was overrated, and should have been scored lower. Lone mothers where either completely excluded from the other programs (in the UK and Australia) or not a specific large part of the programs (in the Netherlands and in Switzerland).
If one would want to correct the indicator of the outflow to work for the target groups in the programs, this would mean that the ND25+, the Temporary Job program and the RMCAS should receive slightly higher ranks than their scores of either 1 or 2. Doing so would bring these programs much closer to the NDYP VS/ETF Option and the Work for the Dole program. When looking back at the input and process efficiency, this would actually make the correlation between input and impact and between process and impact much more linear. Especially in the case of the ND25+ and the NDYP VS and EFT Options, the target group explains very well how a very similar process and input did result in different outflow to work. Nevertheless, as shown from the Ontario Works program and especially the Work for the Dole program, only focusing on target groups will not guarantee that high rates of return to work will be reached.

The carrots-and-stick index

The indicators of the input and the process were ranked following general theories on their micro and macro influences on employment. Micro influences where also explained in chapter 3 to be divided two categories, positive incentives and negative incentives. The carrots and sticks metaphor illustrates well how the positive incentives are meant to reward appropriate behaviour and the negative incentives are used to punish undesirable behaviour. These two categories of mechanisms have can also be seen as on one side the pull-factors and the other side the push-factors, which “activate” the unemployed in the “direction” of employment. Making this distinction might thus shed some light on the performance of different programs in the benchmark, on a different level than that of the policy-chain. Three input indicators where already shown in chapter 4 to be sticks indicators. These are the sanctions level and duration, the activation conditions, and the benefit level. To this category of negative incentives can be added two process-indicators, namely an early timing of the start of the program and a high number of hours in the work-activities. High rewards, short programs, private sector working-environments, fair sanctioning procedures, high level of training and high level of supervision and guidance can then be seen as positive incentives within the programs. Figure 11.3 shows these two categories of indicators, for which an average was calculated in order to give an overall measure.
Figure 11.3  Positive and negative incentives in each programs

Looking back at the radar chart on inputs, one can see that the explanation for the lower overall size of the inputs in the UK was mostly due to low score on two out of the three stick-elements in that part of the policy-chain (and with respect to ND25+ the target group as discussed above). In fact, figure 11.3 shows that the average rank for the stick- indicators in the New Deal programs is in fact the lowest in the benchmark. This figure also shows that there is an important variation in the average ranks for the positive incentive in the different programs. These are by far the highest in the NDYP Employment Option, and lowest in the two less effective programs, namely Ontario Works and the RMCAS. What is also apparent from this figure is that within the average ranks for the positive incentives are much higher than than average ranks for the negative incentives in the New Deal programs. This is not the case for the other programs in the benchmark.

In order to further explore the relationship between positive incentives, negative incentives and the outflow to work ratios, an index can be constructed summarising the information in table 11.3. The first component of the index is the total size of both types of incentives taken together, since stronger incentives from either side are expected to have more effect. The second component of the index is a measure of the extent to which positive incentives are larger than negative incentives. A high index value will indicate that the incentives are overall large, and mostly positive. A low index would then indicate low overall incentives,
which are mostly negative. Combinations of either low and mostly positive incentives, or high and mostly negative incentives will result in average index values. Appendix A explains in further details how this index is measured.

The index values are illustrated in figure 11.4, where they are plotted on the x-axis. With the impact being plotted on the y-axis, the relationship between the incentive structure in the program and the outflow to work becomes visible. Clearly, this relationship is a positive one when looking at the general trend. This is even more so when considering the fact that when correcting for target group in the ND25+ and the Temporary Job program, these two programs would be found slightly higher in the graph. Although this figure does not fully explain variation in impacts (for example the sharp jump between Ontario Works and Work for the Dole), the ranking with respect to the index does indicate a correlation between the impacts and the carrots-and-sticks index.

Figure 11.4 The carrots-and-sticks index and the impact of the programs

The implication of the correlation between the carrots-and-sticks index and the outflow to work is significant. What can be concluded is that through focusing on negative incentives alone, programs will undermine their effectiveness. The number of programs in the benchmark is not

34 The correlation coefficient for the carrots-and-sticks index and the outflow to work ranks is 0.78. A regression analysis between these two variables shows that the index is statistically significant at the 5% level and that the R² is 0.60 (and the adjusted R² is 0.53).
large enough to perform more sophisticated analysis on single indicators, but some careful considerations are possible.

With respect to sanctions and activation conditions as part of the input of the program, these were lowest in the United Kingdom and in the Netherlands. These low ranks on these two indicators explain how the Employment Option of the NDYP had reached very high level of input-efficiency, since if these low scores meant that input was small while results were high. When looking specifically at the NDYP Employment Option and the Work First programs, it can thus be said that lower sanctions and activation conditions did not undermine good results. This of course has to be seen in a relative context, since these can be considered nevertheless high in an absolute sense.

In addition, low benefits, defined here as a high level of negative incentive, do not seem to affect outflow to work in the UK, since performance was the highest in the NDYP Employment Option. However, the combination of low benefits with high rewards might be the key determinant here. On the other side, the low rewards in the Dutch Work First projects does not affect its rate of outflow to work, but the benefit level was higher than in the other programs. Here again, the importance of balancing “sticks” with an appropriate level of “carrots” seems to be important for good results. This is confirmed by the fact that Work for the Dole and Ontario works combined low benefits with low rewards. Nevertheless, high benefit levels and relatively high rewards in the two Swiss programs where not influential enough to guarantee a high level of impact in these program.

The ranking of the indicator for the intensity of the program was based in the fact that a high number of hours would be expected to lead to better outflow to work, and thus high intensity received a high rank. This thus means that a low number of hours in the program would result in a smaller level overall level for the sticks in the program. It was however the case that low intensity was mostly found in Ontario Works, Work for the Dole, and RMCAS, three programs with actually high levels of negative incentives. This outcome points towards the fact that programs with a stronger focus on negative incentives do not require many hours of work from their participants, possibly because the high focus on negative incentives could not justify such a choice.

In conclusion, synergies between different elements in work-based employment programs are influential. For optimal outflow to work, a balance in positive and negative incentives needs to be present. As just discussed above, programs who focused only on negative incentives
where found to be inefficient. Moreover, low levels of sanctions and activation conditions, two important “stick” elements of work-based programs, where much less important in the best performing programs. The reason for this could also be that the relationship between these indicators is not linear. This would imply that at some point, more stringent activation conditions and harsher sanctions would not automatically lead to better results. It is however not possible to firmly test such a hypothesis in this benchmark, as more data-point would be needed. Nevertheless, the section next will look further into the way sanctions are related to impacts, by linking sanction laws to their procedure and the actual number of sanction used.

At last, attention should be given to the different indicators which make-up the positive incentives of the index, as these are proven to be important determinants of success for the programs. Combining a private sector work-environment with regular wages in a program lasting 6 months and providing a sufficient amount of training and job search assistance seem to be the reason why the Employment Option was able to reach such high level of outflow to work. The same can be said for the Dutch Work First programs in this benchmark (see Sol, Castonguay, Van Lindert and Van Amstel, (forthcoming) for more information on the importance of these determinants of success within the various Work First projects in the Netherlands).

11.4. Sanctions: laws, procedures and quantities

Sanctions are fundamental element of work-based employment programs, since they make it possible to enforce the mandatory character of the program. Nevertheless, the previous section already showed that “softer” sanctions do not harm the rate of outflow to work and that harsher sanctions do not guarantee better outflow to work. Of course, softer has to be interpreted in a relative way, as the ranking is based on what is found in the other programs in the benchmark. Interestingly, sanctions are not only part of the input of the program, but are also part of the process and the output. Within the process, sanction procedures where measured for the extent to which these are flexible and formal. Following this, the output measured how many sanctions are actually being used within each programs.

Many hypotheses can be made concerning the links between these three components. The first one is that harsh sanctions at the input level will indicate a commitment to strict monitoring, leading to the design of a
flexible and formal sanctioning procedure in order to properly apply those sanctions, leading to a large number of sanctions being used due to the strong focus on sanctioning as well as a fair and clear system for applying sanctions. Of course this could go the other way around: harsh sanctions would be paired with inflexible and informal procedures and leading to few sanctions being applied because of the reluctance of the case-managers to use them. Many other combinations are in fact possible.

What can be seen from this benchmark are four models with respect to the combination of sanction legislation in the input, sanction procedure in the process, and sanctions quantities in the output. These three indicators are summarised in table 11.2 below. As was explained in the output-benchmark, data collection with respect to the quantity of sanctions used within each program is very poor in most programs. Precise comparisons are thus difficult to make, but based on the quantitative and qualitative evidence discussed in chapter 8, a distinction between lower quantities and higher quantities is made in the table.

<table>
<thead>
<tr>
<th></th>
<th>Input Legislation</th>
<th>Process Procedure</th>
<th>Output Quantities</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NDYP</td>
<td>Softer</td>
<td>Formal / Inflexible</td>
<td>Higher</td>
</tr>
<tr>
<td>ND25+</td>
<td>Softer</td>
<td>Formal / Inflexible</td>
<td>Higher</td>
</tr>
<tr>
<td>The Netherlands</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work First</td>
<td>Average</td>
<td>Average formal / Flexible</td>
<td>Higher</td>
</tr>
<tr>
<td>Australia</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work for the Dole</td>
<td>Average</td>
<td>Average formal / Flexible</td>
<td>Higher</td>
</tr>
<tr>
<td>Canada (Ontario)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ontario Works</td>
<td>Harsher</td>
<td>Informal / Flexible</td>
<td>Higher</td>
</tr>
<tr>
<td>Switzerland</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Temporary Job</td>
<td>Harshest</td>
<td>Formal / Inflexible</td>
<td>Lower</td>
</tr>
<tr>
<td>RMCAS</td>
<td>Harsher</td>
<td>Informal / Inflexible</td>
<td>Lower</td>
</tr>
</tbody>
</table>

On one side are the two programs in Geneva, where an “all-or-nothing” approach is found in the legislation, and where little importance is given to sanctioning procedures within the design of the programs. High flexibility and low formality has thus meant that case-managers where given a lot of freedom in interpreting sanction requirements. Especially in the case of the RMCAS, evaluations of the program specify how interpretations vary greatly from one case-manager to the next, but that in general the strictness of the sanctions has been diminished by many (see
Cunha et al., 2002, p.33). This has lead to a lot less sanctions being used in this program, through a clear reluctance of completely removing the benefit of individuals who did not meet their activation requirements. Sanctions were arranged through more formal procedures within the Temporary Jobs programs since participants actually fell under employment protection regulations. No data was officially available on the quantities of sanctions used, but analysis of the information available indicates that this number is expected to be low.

The second category is made up of the Ontario Works program, where sanctions are central to the programs’ approach. This has lead to harsh sanctions being introduced in the legislation, which are applied in an informal setting by case-managers. Sanctions are nevertheless allowed to be adapted to the seriousness of the breach, and where thus described as flexible. This has lead to many sanctions being used by case-managers, as reported by surveys by Lightman, Mitchell and Herd (2003 and 2006).

Making a link with evidence on the effectiveness of these programs, it is obvious that these two models for sanctions did not lead to high rates of return to the labour market.

The Dutch Work First projects and Work for the Dole present relatively similar patterns with respect to sanction strictness, procedure and use. Average levels of sanction impacts on benefit income where applied in a relatively formal manner, and in the case of the Work First projects, with relatively higher flexibility. These input and process produced a relatively high amount of sanctions, with one in four being sanctioned either for refusing to participate or through misconduct or leaving prematurely. However, it was mentioned how this high quantity of sanctions in the Netherlands is likely to be overestimated, such that one can expect that the number of sanctions would be somewhere in between the high and the low values. All in all, these programs’ performance level was also found in between the best and the worse rankings, leading to the conclusions that average levels of sanction-elements in the policy-chain lead to average outflow to work.

The two New Deal programs had the less harsh sanctions in this benchmark, but also the most formal and inflexible sanctioning procedures. Hence, case-managers did not have much freedom in interpreting the sanctioning legislation, and sanctions where used relatively frequently. Data is not available for the work-activities of the ND25+, but since it has similar overall number of sanctions used within the whole program as the NDYP, it can be expected to have also similar numbers with respect to its work-based phase. This combination of a formal sanctioning procedure, which could also not easily be adjusted
from case-to-case by the case-managers can be interpreted as a procedure in which some sanctions might be deemed unfair because of the less appropriate match between the action and the consequences. But on the overall level, since formal procedure leads to a much clearer set of rules, allowing claimants to better calculate the effect of a breach on their income, also means that sanctions might be better predicted and expected by claimants. Combined with lower effect on total income, such sanctions might have a lot more power in correcting uncooperative behaviour, by providing a “wake-up call” without having too harsh financial consequences. Furthermore, it should be noted that sanctions rely on the rational calculation of claimants of the impact such a sanctions can have on their income, hoping to deter them from choosing not to participate or not to properly look for jobs. Within this perspective, formality in the procedure is thus crucial for the proper working of the incentives structure intended by sanctions. Results varied between the different New Deal programs, such that a clear line between this sanctioning model and the results it reaches is difficult to make. Nevertheless, considering the target group and the process within the NDS+ and the NDYP VS/ETF, it can be said that the sanctioning model of the New Deal programs did lead to relatively good results, especially in the case of the Employment Option.

11.5. Conclusions: the bright and dark sides of work-based employment programs

This explorative benchmark of the design and the results of work-based employment programs has two main conclusions. The first one is that work-based employment programs all vary greatly from each other. They vary not only in their approach to solving unemployment, but also in the result they are able to achieve. As a result, when discussing the success of work-based employment programs and their approach to reducing unemployment, attention should be paid to which specific type of program is being looked at.

Indeed, this benchmark has shown that very successful programs are found in the United Kingdom and the Netherlands. A closer look at the inputs, process, and output of these programs has lead to the identification of important determinants of success. On the other side the programs in Ontario and Geneva where not able to assist many of their participants in finding jobs, and the Australian program performed in between those two groups of programs, together with some other programs within the UK. Analysing the policy-chain of these programs

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allowed drawing some lessons from which all programs can learn. This benchmark has thus shown that work-based employment programs have both a dark and a bright side, as shown by the sample of programs in this benchmark.

The second conclusion that was reached by this benchmarking exercise was that choices in input, process and output mattered greatly for performance. One important explanatory factor for high impacts was that input, process and output altogether need to be optimal. Low levels in all three elements of the policy-chain naturally resulted in low impacts, but most interesting is the finding that in-between combinations were also ineffective. The second key explanatory factor for high outflow to work was the importance of positive incentives in the programs. While all programs had rather high levels of “sticks” or the negative incentives, the most effective programs balanced these with even higher levels of positive incentives. Thirdly, with respect to sanctions, this it was concluded that a low level and duration of sanctions did not undermine outflow to work, as long as these match by formal sanctioning process in which the effect of breaches on income is easily predictable.

By designing work-based employment programs according to these determinants of success, the bright side of “workfare” is thus put on the foreground. Instead of focusing on threatsening the unemployed into jobs, work-based employment will reach better results if their approach is centred on all three elements of the intervention-strategy. Increasing hard and soft skills, improving motivation to take part in the labour market, and opening access to opportunities in the labour market will lead to better results if synergies are being created between these elements. Such an integral intervention-strategy is also more likely to lead to more sustainable jobs with decent wages, as employability is enhanced from different angles. Such an approach is also encouraged by the OECD (2003, p.213) as it explains how the combination of strict job search requirements without the provision of job search assistance and guidance can result in entry into precarious jobs, but that job search requirements matched by intensive supervision and assistance may improve employment earnings. Work-based employment programs, especially under the name of “workfare”, are usually assumed to be actually very unbalanced with respect to their intervention-strategy which is expected to be mostly relying on negative incentives. This benchmark proves that this does not need to be the case. Even more so, the most important conclusion reached by this benchmark is that by focusing on negative incentives alone, outflow to work is actually undermined. Investments in appropriate levels of positive incentives in the form of provisions which
are able to support the participants in their return to the labour market are thus shown to be efficient, since overall results are then improved.

From the perspective of the demand-side of the labour market, work-based employment programs have the potential to become an important instrument for making sure the labour market programs can accommodate the needs of employers. Work-based employment programs can have a large impact on access to work through providing a relevant work experience for their participants. In fact, determinants of success such as a private working environment, a salary and a substantial number of hours per week in the program will all contribute to making the work-activities within the programs a relevant work-experience in the eyes of potential employers. Moreover, the possibility that employers retain the program participants after the end of the program is also one important reason why the Employment Option is so successful in assisting its participants in finding a job. Labour market programs have in general also attempted to increase access to work by providing assistance with matching the unemployed to the right job offers and assisting in the application process for these jobs, such as helping out with writing a résumé. It should thus be clear that work-based employment programs have an important value-added with respect to traditional job search assistance, since they can also have a direct effect on what the unemployed can write in their résumé in terms of work-experience.
12. Conclusions and recommendations

The research question of whether benchmarking is a useful instrument for evaluating labour market programs is certainly being answered positively. In part 1, a social benchmark model was developed which can be adapted to evaluate a wide range of active labour market policies. This benchmark model provided the theoretical answer to the research question of how benchmarking could be useful for evaluations. It was showed that by using this new model, benchmarking is able to combine qualitative and quantitative analysis in such a way that enough details are provided to those willing to understand why a certain level of results are being reached. This social benchmark model thus fills an important gap by providing a methodology which is able to analyse the performance of labour market programs in an informative way.

The second part of this research has shown that much could be learned from an extensive discussion and comparison of the input, process, output, impact, and external factors of work-based employment programs. This exercise provided a good example of how benchmarking can assist in making better programs which are able to increase the effectiveness and efficiency of labour market policies. This second part had in fact served to verify the theoretical answer to the research question, following the idea that “the proof of the pudding is in the eating”. From this, some remarks can be made about some shortcomings of the model which were discovered while benchmarking work-based employment programs.

The first shortcoming has to do with the weights of the rankings within each element of the policy-chain. In this model, all indicators had equal weights, meaning that it was assumed that their influence on the impact would be also equal. This however is most probably not the case. The difficulty in choosing those weights lies in the unavailability of reliable hypotheses on the strength of the relationship between each indicator and the impact with respect to each other. For example, if one would be able to assert that the influence of sanctions is twice as high as the influence of the benefit level with respect to outflow to work, one would be able to give a weight to the indicator for sanctions which would be twice as large as that of benefit level. The absence of clear hypotheses on the relative importance of each indicator in the input, process and output benchmarks meant that weights were not used, even though one could justify their use from a more intuitive point of view. This benchmark model could thus be improved by using weights on its different indicators, and further research is necessary in order to choose those weights.
The second limitation of the benchmark as performed in part 2 of the research has to do with the fact that strong causal relationships between each indicators could not be pinpointed with certitude, that is to say, using statistical analysis. Although this could be solved by adding many more programs to the benchmark in order to increase the number of observations, the benchmark model itself might constraint such a choice. Indeed, the choice of benchmarking the whole policy-chain, instead of only just results, means that a relatively large number of indicators needs to be collected and analysed. While this does not formally prevent a large number of cases being included in the benchmark, the model does put an important constrain on the amount of time and resources needed to be invested in data collection and analysis. This model is thus by design more made for a stronger qualitative analysis than a quantitative one. This does mean that most statistical tests will most likely not provide significant answers in this model.

At last, the lack of comparable data on an international level should be also mentioned, although this issue is also faced by other evaluation methods. More specifically, the model can difficulty cope with situations where data is missing in one or two of the cases, since this missing data will in one way or the other influence total rankings. This benchmark model could therefore be improved by finding a way in which missing data can best be compensated for. Also, when the data that was available was not directly comparable, different estimations and calculations where made in order to compare those data. This has however lead to many conclusions having to be drawn with caution, due to the fact that the data used was an approximation. As data collection in the different countries is being improved, and the international comparativeness of this data fostered, this benchmark model will be able to strengthen its analysis.

All in all, the social benchmark model developed in this research was successful in identifying the source of performance gaps within the different work-based employment programs it benchmarked. Improvements in terms of weights, available data, and statistical analysis would contribute to improve the lessons to be learned from good and bad practices, but these limitations do not undermine the fact that benchmarking remains a useful instrument for the evaluation of labour market programs.

Furthermore, one important point to be acknowledged in this concluding chapter concerns the actual use of benchmarking results by policy makers. Indeed, although research on active labour market policies does have a place of its own in academic debates, the question whether these
evaluations do end up assisting policy-making should be asked. By knowing how evaluation results can become more useful for evidence-based policy making, social benchmarking can be better tuned to the needs of policy-makers. In fact, much research has already been done in the United States on the use and on the dissemination of evaluation results, and those findings can be useful to keep in mind when building a social benchmark model. Firstly, Greensberg et al. (2000) studied the dissemination and utilization of three major innovations in social policy in the United States in the 1990’s. The authors mention how since 1981, and similarly to the situation created by the devolution of social programs in many European countries, the 50 states of the country can be seen as a laboratory for experiments on social services delivery. They claimed that in such a setting, if an experiment is positive, it should disseminate to other states and be implemented. The researchers looked at the impact of three experiments, and saw that rather than having concrete or instrumental effects, evaluations had more a conceptual or enlightenment effect. The effect was thus not dramatic on policies, but played a role in deliberation in most states. The same findings were made by Sol and Castonguay (forthcoming, 2009) on the dissemination and use of the results of a benchmark of 49 work-based employment programs in Dutch municipalities. Greenberg et al. (2000) also showed that other than evaluations, sources of policy change were: politics, pure evolution of policies where change was the next logic step, change in economic situation, as well as bandwagon effect of popular programs (however not based on evaluation). In sum, knowledge that a policy is logical and politically appealing is all that is required, not empirics. Evaluations then reinforce thoughts and directions and thus add to the knowledge base. In fact, for most evaluations, the information on the process of the program, on how the program was operating in the field, was much more important than the empirical evidence of the effectiveness of programs (Greenberg et al. 2000).

Hence, it should be clear that social benchmarking should not only provide reliable “numbers” on the net-impact of programs. Social benchmarks of labour market programs should focus on addressing the issues that are currently important to the policy-makers and law-makers. Such issues have often to do with different ways to manoeuvre within the given parameters of the (national) programs, making indicators of input and process crucial to the usefulness of the benchmark. In more concrete terms, with respect to work-based employment programs, there is a clear need for more information on the consequences of increased conditionality within the benefit scheme and the programs. Little is known about the impact of low benefits, harsh sanctions, stringent work and extensive job search requirements. Many hypotheses can be made on the
limits to which activation can go before it starts to actually decrease the effectiveness of the programs. This social benchmark has shown that there is evidence that these hypotheses are true and they can explain why some of the harshest programs in the benchmark had much lower performance levels. It should thus be able to answer some of the crucial questions that many policy-makers and law-makers are asking themselves concerning mandatory work-based employment programs.

Another issue which is of high importance is the change in what is being regarded as a positive result for active labour market policies. Indeed, effectiveness and efficiency are no longer solely measured with respect to rates of return to the labour market, but also with respect to the impact on the lives of the participants further than only their labour market status at the end of the program. There is thus a shift in the focus from short-term exit rates to long-term measures of sustainability. There is also a shift from the idea that “any job is better than no job” towards looking for jobs which are able to provide a stepping-stone for the unemployed. Moreover, this also implies that the objectives of active labour market policies are increasingly considering the socio-cultural aspects of the return to the labour market, where social inclusion and social participation have an explicit role to play in the programs. The financial and social situation of those leaving the benefits, either because they found work or any other reason, is thus increasingly of interest to both researchers and policy-makers. Social benchmark should address these new ways of looking at impact by incorporating such alternative measures of impacts in their performance indicators. By doing so, social benchmarks will be useful for policy-makers and law-makers whose concerns are quickly broadening outside of what is traditionally looked at in micro and micro evaluations.

At last, benchmarking is also a very useful evaluation tool in the context of never-ending welfare reforms, where the issues at stake and the design parameters of programs are constantly changing. Considering this, the crucial next step for performance management is to adapt benchmarking methods to the new reality of rapidly changing contexts. This can easily be done by creating dynamic longitudinal benchmarks, which can rapidly adapt to new circumstances. With information technologies making huge leaps in what is possible in terms of data collection and dissemination, such an adaptation is realistic. Benchmarks could then contain data which would be collected at frequent periods in time, and also make it possible to change the variables measured according to new needs. Dynamic longitudinal benchmarking would then properly fulfill the needs for evidence-based policy-making in times where adaptation to new socio-economic contexts is key to efficiency and effectiveness.
Evaluations can also be seen as the link which turns the policy-chain into a full circle. Knowing the level of impacts allows to question whether the objectives of the program where realistic and appropriate. The evaluation of the effectiveness of programs means that new objectives might be given to the program. Then, by knowing which elements of the input, the process and the output lead to which types of impacts, the whole policy-chain might be adapted to better match new objectives. This cycle of setting up objectives, inputs, processes, creating output and measuring impacts is thus directly in relation with what the evaluation model is able to achieve.

The objectives of active labour market policies, the data collected on how the intervention strategy is being implemented, and the indicators which are being used as a success or failure criteria are all linked with each other. Improving evaluation models can thus have an important influence on the design of programs, since new impacts can be highlighted which can then become a more formal part of the objectives in the program. Being part of the objective of the program will also mean that data will be collected on this element, allowing a better evaluation of their impact. Objectives, monitoring systems, and evaluation models thus clearly need to be developed conjointly in order to benefit from each other. Seeing the increased questioning of the broader impact of active labour market programs not only on employment but on other aspects of the lives of individuals, a broader perspective in both the programs being developed and the evaluation models being used is desirable. This broader perspective on activation should take into account a larger array of impacts than what is traditionally being evaluated in micro-level or macro-level studies. However, without proper monitoring systems, even an evaluation model based on a broader perspective will not be able to draw the conclusions it intends to make. As policy-makers and lawmakers find many of their questions concerning the overall success of activating labour market programs unanswered, data collection on a larger range of indicators will be stimulated. As a result, social benchmark models like the one developed in this benchmark will then be able to explore the relationship between the design and results in a more profound manner.

In order to guide these developments in the use of social benchmarks, this research makes the following five recommendations:

- Social benchmarks should take into account the whole policy-chain, allowing analysing not only which program performs the best, but also making it possible to understand why such a performance level is being attained.
The content of the social benchmark should look at movements from unemployment to employment from a multi-disciplinary angle. A broad perspective needs to be given to what is being considered a successful transition to work, as this should not be to the expense of overall welfare.

The needs of policy-makers and law-makers in terms of guiding their choices when designing employment programs should be met through this benchmark, since benchmarking should lead to programs being improved. Determinants of success and failure need to be identified such that programs can learn from each other.

Further research is necessary in order to better understand the theory being benchmarking as a tool for learning from other practices. Theories from the field of organisational learning need to be better adapted to public policy, and in particular the field of labour market policies where legitimacy is increasingly being questioned. How benchmarks should be used within an organisation to help decision-making at all levels, from the top-manager to the case-managers, needs to be further looked at.

On a more practical side, technical solutions with respect to weighting ranks, ranking missing data, using incompatible data sources, and finding statistical evidence within a benchmark with a small number of observations need to be explored. This would allow the benchmark to make stronger inferences on the causal relationships between its indicators.

Since the social benchmark model developed in this research was also tested on actual programs, some recommendations can be made with respect to the designing of work-based employment programs. These recommendations are drawn from the previous chapter, which brought all the elements together from each benchmark of the policy-chain elements.

Focussing on negative incentives within the intervention-strategy will work backwards and reduce the effectiveness of work-based employment programs. Investing in a proper level of positive incentives is necessary, and adequate training, job search assistance, a private work-environment, decent income in the program, and a short program duration are important success factors.
The entire policy-chain needs to be included in the intervention strategy of work-based employment programs. A high level of initial conditions, but combined with poor choices in the process, will not result in a successful program. Similarly, the right choices in process-elements will not be sufficient in creating effectiveness if the initial conditions within the benefit are detrimental to its success.

Proper data collection on the outflow-to-work is essential in order to evaluate those programs, and was lacking in many programs. Furthermore, other impacts such as job sustainability and threat-effect of the programs are impossible to evaluate due to the lack of available data. The same is true for the number of sanctions used, which is in many countries poorly monitored. Without proper data collection on all these important elements of work-based employment programs, it is impossible to know what is the broader effect of those programs on the lives of the unemployed. As these types of data will be made available, it is important that further research be undertaken to verify if the determinants of success as discussed within this benchmark still hold within this broader perspective on activation.
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**LEGISLATION**

**UK:**
- Jobseekers Allowance Regulation 1996.

**Netherlands:**
- WWB (Act on Work and Social Assistance)

**Australia:**
- Social Security Act.

**Canada:**
- Ontario Works Act
- Ontario Works Regulations 134/98; 135/98; 136/98; 138/98.
- Canada Assistance Plan Act.

**Switzerland:**
- Loi sur le Revenu Minimum Cantonal d’Assistance Sociale (Loi RMCAS).
- Cantonal Law on Unemployment.
- Regulation on the Implementation of the Cantonal Law on Unemployment.
- Swiss federal unemployment law; LACI.
Appendix A  Formulas and calculations

1. The Surface Measure of Performance

The following formulas have been used in order to calculate the SMOP:

\[ SMOP = \sum (\text{ind}_1 \times \text{ind}_2) + (\text{ind}_2 \times \text{ind}_3) + \ldots + (\text{ind}_N \times \text{ind}_1) \times \sin \left( \frac{360}{N} \right)/2 \]

SMOP in % is \( = \frac{SMOP}{\text{total maximum SMOP (all ranks are 5)}} \).

2. The carrots-and-sticks index

The following formula has been used to calculate the carrots-and-sticks index:

\[ \text{Carrots-and-sticks index} = \left( \frac{\text{z-score for } C}{S} \right) + \left( \frac{\text{z-score for } C+S}{S} \right) \]

Where \( z\text{-score} = \frac{(x - \text{mean})}{\text{standard deviation}} \).

Where \( C \) = all ”carrots indicators”, being:
- Duration
- Working environment
- Rewards
- Training
- Supervision / Guidance
- Sanctioning procedures

Where \( S \) = all ”sticks indicators”, being:
- Benefit level
- Activation conditions
- Sanctions
- Early start of work-activities
- Intensity
Summary in English

Many attempts have been made at evaluating active labour market policies in various countries. These evaluations have for objective to discern the best intervention strategies for helping the unemployed to return to the labour market. However, the methodology for evaluating employment programs is still being developed, meaning that the results of evaluations are often contradicted from one study to the other, and their methodologies are heavily debated. This created difficulties in confirming the success of active labour market policies, which contributed in shedding some doubt on whether these are effective in quickly helping the unemployed to find a job. It is thus clear that new methodologies need to be developed which would foster a consensus on whether active labour market policies are working or not.

This debate on the effectiveness and efficiency of active labour market policies supplemented the already well established neo-liberal criticism that interventions on the supply-side of the labour market were economically inefficient. The questioning of the need for government intervention in the labour market coincided with a trend of large amplitude in the area of public governance: New Public Management. According to this governance model, governments are inherently inefficient at delivering goods and services because of the lack of competition. Solutions to this were found in giving the right incentives for efficient service delivery, which were to be implemented by: 1) decentralisation; 2) integration and coordination; and 3) new management techniques and contractualism (Finn, 2000). Moreover, New Public Management introduced new ideas on how to look at the public sector, and also brought new methods and instruments for the analysis of policy and government actions. In fact, New Public Management created the need for instruments which facilitated the replacement of a legal-bureaucratic basis of government decision making by a system of decision-making based upon a code of performance (Considine, 2001).

Benchmarking is one of these concepts which were introduced through New Public Management. It is an evaluation method in which the performance levels of different organisations are compared, either relatively to each other or to an absolute value. Furthermore, benchmarks identify performance gaps such that the explanations behind best and worse practices can be identified. In the last years, benchmarking has become a very fashionable evaluation tool in the field of public administration. As a result, it is gradually being introduced into the field of social policy. A well known example of social benchmarking is the
European Employment Strategy of the European Union. Nonetheless, attempts to use benchmarks in order to analyse social policies are still uncommon, and the indicators measured by the current social benchmarks remain rather basic in most cases. One of the main reasons for this lack of practical use of social benchmarking is that no model is thus far available through which extensive conclusions could be drawn on the effectiveness and the efficiency of social policies. In fact, most social benchmark fail to build mechanisms through which the source of performance gaps can clearly be identified.

Seeing the need for innovative research methodologies to find out what works and what does not work in the field of active labour market policies, social benchmarking could prove to be a useful instrument for researchers, evaluators and policy-makers alike. The central question answered by this research is thus: Is benchmarking a useful instrument for evaluating labour market policies, and if so, how should it be used? The aim of this research is to propose a social benchmark model which can be used to measure the performance of active labour market policies in order to identify the elements of success of well performing programs.

Furthermore, the often used proverb of “the proof of the pudding is in the eating” also applies to the construction of this social benchmark model. It is indeed necessary to illustrate how the proposed social benchmark model can be used to evaluate employment programs. This way, clearer recommendations can be made on how to use the model for evaluations and the limitations of the methodology can be more easily exposed. As a result, this research carries out an international benchmark of a labour market policy.

The choice of the specific program to be benchmarked is guided by the increased focus on activation policies and the regain of popularity of “workfare” types of programs. 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, these programs have the common features that they are mandatory of participation and that they require the participants to take part in some type of work-activities. These programs often also provide job search assistance and training of varying intensity.

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 performs the best. In addition, the determinants of good performance of those types of programs are still not clearly understood, such as the impact of sanctions on the rate of exit to
work of the program. Actually, even thought most programs found around the world imported some aspects from popular American workfare programs in California and Wisconsin, the programs set up within other countries around the world all vary greatly in their approach. 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 at compiling their evaluation results. However, they did not proceed to a direct comparative evaluation of their results, neither did they attempt to correlate the different approaches to specific levels of performance.

Considering the growing attention given to work-based employment programs and the amount of criticism they face, it is important to quickly remedy this lack of information on the precise approach found in those countries and the different results attained by these different approaches. Through the use of the social benchmark model, this research thus also aims at contributing to the body of evidence concerning the performance of work-based employment programs around the world. In view of important selection criteria, such as the level of development of the program, the availability of data on results and design, and the similarity in social security system behind the programs, the programs in five countries were selected to be taking part in the benchmark. Those are: the New Deal for Young People and the New Deal 25 plus in the UK, Work First programs in Dutch municipalities, the Temporary Job program and the “Revenu minimum cantonal d’aide sociale” in the canton of Geneva in Switzerland, the Ontario Works program in the province of Ontario in Canada, and the Work for the Dole program in Australia.

This dissertation is made up of two parts, the first part in which a social benchmark model is developed to evaluate active labour market policies in general and work-based employment program in particular, and the second part in which the work-based employment programs in five countries are being benchmarked in order to show which approach performs the best.

Chapter one gives an introduction to the research questions and the various subjects central to this thesis. It introduces in more detail the trend of activation of the unemployed. The chapter shows how this new trend has induced a rise in conditionality in many benefit schemes and an increase in the actions which need to be undertaken by the unemployed in order to find a job. In addition, this first chapter discusses the increasing focus on the performance of public programs brought about by New Public Management, which creates the need for enhanced performance measurement methods.
Chapter two partially answers the central research question of whether and how benchmarking can be useful for the evaluation of active labour market policies. It first looks at the definitions, methods and theories of benchmarking that can be found in the management science literature and in evaluations of active labour market policies. It then presents a model of benchmarking which allows the comparison of the performance of different labour market programs and make it possible to reveal the determinants of success and failure of such programs. This model is based on the policy-chain, and thus includes performance indicators of the input, process, output, impact and exogenous factors of each program. This chapter concludes that the strength of benchmarking clearly lies in its ability to use both qualitative analysis as well as quantitative analysis in order to make conclusions on best-practices.

Work-based employment programs are introduced in chapter three. First, these are placed within the broader context of activating labour market policies. Then, a definition of the type of programs is given, clarifying the differences between concepts such as work first, workfare and work-based employment programs. Third, the theories behind the intervention strategy of work-based employment programs are discussed, and a three-dimensional intervention strategy is presented. According to this three-dimensional intervention strategy, the various components of work-based employment programs attempt to increase the ability to work, and/or the willingness to work, and/or access to work. Interventions on the labour market can also be seen in terms of positive or negative incentives to return to work. These “carrots” and “sticks” are used in varying combinations in the different intervention strategies of work-based employment programs, and will thus lead to different choices of input and process.

Chapter four finalizes the benchmark model and answers the questions of which performance indicators should be taken into account when benchmarking work-based employment programs. The benchmark model presented in chapter two, which is based on indicators of input, process, output and impact and exogenous factors, is then filled-in with the relevant performance indicators for each of these categories. This chapter presents a discussion for each of the benchmark indicator on the way it should be measured and compared between the different countries.

The first part of the research is summarised in chapter five. Clearly, the social benchmarking model developed in this research finds itself at the intersection of quantitative and qualitative research methodologies. On
one side, it is much more detailed in its accounts of influential factors than what is mostly done in quantitative analysis. On the other side, the benchmark model goes much further in quantifying and aggregating information than most qualitative research do. Social benchmarking is found to be useful for the evaluation of active labour market policies since it allows drawing conclusions on overall level of performance and showing how different inputs and processes may lead to different levels of efficiency and effectiveness.

Chapter six to ten will make-up the second part of the research, each discussing one of the five categories of indicators from the policy chain. Each of these chapters will tackle both the qualitative as well as the quantitative analysis of the indicators. Inputs are found to be highest in the Dutch Work First programs and in the Ontario Works program. The process is also high in the Dutch programs, but even higher in the Employment Option of the New Deal for Young People. In terms of output, the two New Deal programs from the United Kingdom had the best results. Indicators on the impacts being very difficult to gather, gross return to work ratios are used to compare the results in each program. According to this indicator, the best performance is found in the two New Deal programs in the United Kingdom as well as in the Work First programs in the Netherlands. The discussion on the external factor is mostly qualitative and indicates a smaller amount of variation between the countries than when the rest of the policy chain was being benchmarked.

Chapter eleven concludes part 2 of this research. It aggregates the findings in the five benchmarks in the previous chapters and shows which approach to work-based employment programs performs best within the group of programs included in the benchmark. Besides presenting rankings based on the five categories of indicators, an index is constructed in which the positive and negative incentive structure (carrots and sticks) of each programs is measured and compared. From this chapter, it is concluded that the efficiency of the New Deal for Young People Employment Option and the Dutch Work First programs can be mostly explained by their high efficiency level all throughout the policychain. Moreover, for optimal outflow to work, a balance in positive and negative incentives needs to be present.

The last chapter, chapter twelve, formulates recommendations regarding the social benchmarking methodology developed in this research as well as regarding the main lessons from determinants of success of the work-based employment programs found in this international benchmark. The research question of whether benchmarking is a useful instrument for
evaluating labour market programs is certainly being answered positively. The second part of this research showed that much could be learned from an extensive discussion and comparison of the input, process, output, impact, and external factors of work-based employment programs. This exercise provided a good example of how benchmarking can assist in making better programs which are able to increase the effectiveness and efficiency of labour market policies.
Nederlandse Samenvatting

Veel pogingen zijn gedaan om actief arbeidsmarktbeleid in verschillende landen te evalueren. Deze evaluaties hebben tot doel de beste strategieën te ontdekken om werklozen weer actief op de arbeidsmarkt te maken. Echter, de methodologie voor de evaluatie van reïntegratieprogramma’s is nog in ontwikkeling, waardoor de resultaten van verschillende studies elkaar tegenspreken en de gebruikte methodologie ter discussie staan. Hierdoor is het moeilijk gebleken het succes van actieverend arbeidsmarktbeleid te bevestigen, waardoor twijfel ontstond over de effectiviteit van zulke programma’s in het snel aan het werk helpen van werklozen. Het is derhalve duidelijk dat nieuwe methodologie ontwikkeld dienen te worden die een consensus zouden kunnen voeden over de vraag of actieverend arbeidsmarktbeleid werkt of niet.

Dit debat over de effectiviteit en efficiëntie van activerend arbeidsmarktbeleid is toegevoegd aan de reeds bestaande neoliberale kritiek dat interventies in de aanbodkant van de arbeidsmarkt inefficiënt zijn. De discussie over het nut van overheidsinterventies in de arbeidsmarkt kwam samen met een belangrijke trend binnen openbaar bestuur: New Public Management. Volgens dit bestuursmodel is de overheid inherent inefficiënt in productie van goederen en diensten vanwege het tekort aan competitie. De oplossingen die hiervoor gevonden waren zijn het geven van de juiste prikkels voor efficiënte dienstverlening, welke geïmplementeerd was door: 1) decentralisatie; 2) integratie en coördinatie; 3) nieuwe management technieken en contractualisme (Finn, 2000). Daarnaast introduceerde New Public Management nieuwe ideeën over hoe de publieke sector bekeken kon worden, en bracht het nieuwe methodes en instrumenten voor de analyse van beleid. New Public Management creëerde een behoefte aan instrumenten die de vervanging van de juridisch-bureaucratische basis van het overheidsbeslissingsproces door een beslissingsmodel gebaseerd op prestatie faciliteerden (Considine, 2001).

Benchmarking is een van de concepten die door New Public Management is geïntroduceerd. Het is een evaluatiemethode die het prestatieniveau van verschillende organisaties vergelijkt, op een relatieve of een absolute basis. Daarnaast identificeren benchmarks prestatieverschillen zodat de achterliggende oorzaken van succes en faalfactoren kunnen worden geïdentificeerd. In de afgelopen jaren is benchmarking een veelgebruikte evaluatiemethode geworden binnen bestuurskunde. Het wordt hierdoor ook geleidelijk geïntroduceerd binnen sociaal beleid. Een bekend voorbeeld van sociaal benchmarking is de European Employment...
Strategy van de Europese Unie. Echter, benchmarks worden slechts zelden gebruikt om sociaal beleid te analyseren en de indicatoren die gemeten worden in huidige sociale benchmarks zijn meestal relatief primitief. Een van de hoofddreden voor dit gebrek aan sociaal benchmarken is dat er geen model beschikbaar is waarmee brede conclusies getrokken zouden kunnen worden over de effectiviteit en efficiëntie van sociaal beleid. Sterker nog, de meeste sociale benchmarks bieden geen mechanismes die gebruikt kunnen worden om de oorzaak van prestatieverschillen te kunnen identificeren.

Gezien de vraag naar innovatieve onderzoeksmethodes om teidentifieren wat wel en niet werkt op het gebied van activeren arbeidsmarktbeleid, sociaal benchmarken zou een nuttig instrument kunnen zijn voor onderzoekers en beleidsmakers. De centrale vraag die beantwoord wordt door dit onderzoek is derhalve: Is benchmarking een bruikbaar instrument voor het evalueren van arbeidsmarktbeleid, en zo ja, hoe zou het gebruikt kunnen worden? Het doel van dit onderzoek is om een sociaal benchmark voor te stellen dat gebruikt kan worden voor de evaluatie van activerend arbeidsmarktbeleid en daarmee de succes elementen van goed presterende programma’s te identificeren.

Daarnaast, het vaak gebruikte gezegde “the proof of the pudding is in the eating” slaat ook op de constructie van dit sociaal benchmark model. Het is indertijd nodig te illustreren hoe het voorgestelde sociale benchmark model gebruikt kan worden voor de evaluatie van arbeidsmarktprogramma’s. Hierdoor kunnen heldere aanbevelingen gemaakt worden over hoe het model voor evaluaties gebruikt kan worden en kunnen de tekortkomingen van de methodologie makkelijker blootgelegd worden. Dit onderzoek voert derhalve een international benchmark van arbeidsmarktbeleid uit.

De keuze van het specifieke programma dat gebenchmarkd wordt isgeleid door de groter wordende focus op activeringsbeleid en de hernieuwde populariteit van “workfare”-achtige programma’s. Terwijl sommige landen de naam “workfare” geven aan zulke programma’s, andere landen hebben het over “work first” programmes of gebruiken andere uitdrukkingen. Al deze programma’s hebben echter de gedeelde eigenschap dat ze verplicht zijn en dat ze de deelnemers verplichten deel te nemen in werkactiviteiten. Deze programma’s verzorgen vaak ondersteuning bij het zoeken naar een baan en training van verschillende intensiteit.

Een international benchmark van op werk gebaseerdereintegratieprogramma’s is voornamelijk relevant aangezien, ondanks dat

Gezien de groeiende aandacht voor op werk gebaseerde reïntegratieprogramma’s en de hoeverheid kritiek die zij krijgen is het belangrijk om de informatielacune met betrekking tot de precieze aanpak in verschillende landen en de verschillende resultaten dat dit heeft opgeleverd snel op te vullen. Dit onderzoek heeft derhalve ook tot doel om, door het gebruik van het sociaal benchmark model, bij te dragen aan de kennis over de prestatie van op werk gebaseerde reïntegratieprogrammes wereldwijd. Door middel van een aantal selectiecriteria, waaronder het ontwikkelingsniveau van het programma, de beschikbaarheid van data met betrekking tot de resultaten en het ontwerp van het programma, en de vergelijkbaarheid van de onderliggende sociaalzekerheid systemen, de programma’s in vijf landen zijn geselecteerd om in de benchmark opgenomen te worden. Dit zijn: the New Deal for Young People en the New Deal 25 plus in het Verenigd Koninkrijk, Work First programma’s in Nederlandse gemeenten, het Temporary Job programma en het “Revenu minimum cantonal d’aide sociale” in het kanton van Geneva in Zwitserland, het Ontario Works programma in de provincie Ontario in Canada, en het Work for the Dole programma in Australië.

Dit proefschrift bestaat uit twee delen, het eerste deel waarin een sociaal benchmark model wordt ontwikkeld ter evaluatie van activerend arbeidsmarktbeleid in het algemeen en op werk gebaseerde activeringsprogramma’s in het specifieke en het tweede deel waarin de op werk gebaseerde activeringsprogramma’s in vijf landen worden gebenchmark om aan te geven welke aanpak het beste werkt.

Hoofdstuk één geeft een introductie van de onderzoeksvragen en de verschillende onderwerpen die centraal staan in dit proefschrift. Dit
Hoofdstuk introduceert in meer detail de trend van activering van werklozen en laat zien hoe deze nieuwe trend leidt tot een verhoging van eisen aan werklozen in veel uitkeringen en een hoger aantal acties die uitgevoerd moeten worden door werklozen om een baan te kunnen vinden. Daarnaast bespreekt dit eerste hoofdstuk de extra focus op prestatie van publieke programma’s als gevolg van New Public Management, waardoor een noodzaak ontstond voor verbeterde methodes voor prestatiemeting.

Hoofdstuk twee beantwoordt gedeeltelijk de centrale onderzoeksvraag met betrekking tot hoe benchmarken nuttig kan zijn voor de evaluatie van activerend arbeidsmarktbeleid. Als eerste worden de definities, methoden, en theorieën van benchmarking bekeken zoals deze gevonden worden in bestuurskundeliteratuur en evaluaties van activerend arbeidsmarktbeleid. Daarna wordt een benchmarking model gepresenteerd dat gebruikt kan worden voor de vergelijking van de prestaties van verschillende arbeidsmarktprogramma’s en dat het mogelijk maakt de succes - en faalfactoren van zulke programma’s te identificeren. Dit model is gebaseerd op de beleidsketen en behelst derhalve prestatieindicatoren van de input, het proces, de output, de impact en exogene factoren van elk programma. Dit hoofdstuk concludeert dat de sterkte van benchmarking voort komt uit de mogelijkheid zowel kwalitatieve als kwantitatieve analyse te gebruiken om tot een conclusie te komen met betrekking tot best-practices.

Op werk gebaseerde reïntegratieprogramma’s worden geïntroduceerd in hoofdstuk drie. Ten eerst worden deze geplaatst in de bredere context van activerend arbeidsmarktbeleid. Daarna wordt het type programma gedefinieerd, waarin de verschillen tussen concepten zoals work first, workfare en op werk gebaseerde reïntegratieprogramma’s duidelijk gemaakt worden. Ten derde worden de theorieën achter de interventiestrategie van op werk gebaseerde reïntegratieprogramma’s besproken, en wordt een driedimensionale interventiestrategie gepresenteerd. Volgens deze driedimensionale interventiestrategie proberen de verschillende componenten van op werk gebaseerde reïntegratieprogramma’s het willen werken, kunnen werken, en of het toegang hebben tot werk te verbeteren. Interventies in de arbeidsmarkt kunnen ook gezien worden als negatieve of positieve prikkels om terug aan het werk te gaan. Deze “carrots” en “sticks” worden in verschillende combinaties gebruikt in de verschillende interventiestrategieën van op werk gebaseerde reïntegratieprogramma’s en zorgen derhalve voor verschillende input- en proceskeuzes.
Hoofdstuk vier maakt het benchmark model af en beantwoord de vraag welke prestatieindicatoren meegenomen dienen te worden bij het benchmarken van op werk gebaseerde reintegratieprogramma’s. Het benchmarkmodel dat in hoofdstuk twee werd gepresenteerd wordt vervolgens gevuld met de relevante prestatieindicatoren voor elk van de categorieën. Dit hoofdstuk presenteert een discussie voor elk van de benchmarkindicatoren met betrekking tot de manier waarop de betreffende indicator gemeten moet worden en hoe deze vergeleken kan worden tussen de verschillende landen.

Het eerste deel van het onderzoek wordt samengevat in hoofdstuk vijf. Het moge duidelijk zijn dat het sociale benchmarkmodel dat in dit onderzoek ontwikkeld wordt zich op het kruispunt tussen kwantitatieve en kwalitatieve onderzoeksmethoden bevindt. Aan de ene kant geeft het een gedetailleerder beschrijving van belangrijke factoren dan normaal voor kwantitatieve analyse. Aan de andere kant gaat het benchmark model veel verder met de kwantificatie en aggregatie van informatieve dan gebruikelijk voor kwalitatief onderzoek. Sociaal benchmarking is bruikbaar voor de evaluatie van activerend arbeidsmarktheelde, aangezien het de mogelijkheid biedt conclusies te trekken met betrekking tot het totale prestatieniveau en inzicht te geven hoe verschillende inputs en processen verschillende niveaus van efficiëntie en effectiviteit tot gevolg kunnen hebben.

Het tweede deel van het onderzoek bestaat uit de hoofdstukken zes tot tien, welke elk een van de vijf categorieën indicatoren van de beleidsketen bespreken. Deze hoofdstukken behandelen zowel de kwantitatieve als kwalitatieve analyse van de indicatoren. Inputs zijn het hoogst in de Nederlandse Work First programma’s en het Ontario Works programma. Het proces is ook hoog in de Nederlandse programma’s, maar nog hoger in de Employment Option van de New Deal for Young People. Met betrekking tot output waren de beste resultaten behaald door de twee New Deal programma’s. Aangezien indicatoren voor impact zeer moeilijk te verzamelen zijn, is gekozen om de bruto uitstroom naar werk tussen de verschillende programma’s te vergelijken. Volgens deze indicator zijn de best presterende programma’s de twee New Deal programma’s in het Verenigd Koninkrijk en de Work First programma’s in Nederland. De discussie met betrekking tot de externe factoren is het meest kwalitatief van aard en laat een kleinere variatie tussen de landen zien dan de rest van de beleidsketen.

Hoofdstuk elf concludeert deel twee van dit onderzoek. Hierin worden de bevindingen van de vijf benchmarks van de vorige hoofdstukken samengebracht en wordt duidelijk welke aanpak van op werk gebaseerde
reintegratieprogramma’s de beste resultaten behaalde van alle programma’s die in het benchmark zijn meegenomen. Naast een discussie over de efficiëntie en effectiviteit van de verschillende programma’s wordt een index geconstrueerd waarin de positieve en negatieve prikkels (carrots en sticks) van elk van de programma’s worden gemeten en vergeleken. Dit hoofdstuk concludeert dat de efficiëntie van de New Deal for Young People Employment Option en de Nederlandse Work First programma’s voornamelijk uitgelegd kan worden door hun hoge efficiëntie door de hele beleidsketen. Daarnaast is een balans in positieve en negatieve prikkels nodig voor een optimaal uitstroom naar werk.

Het laatste hoofdstuk, hoofdstuk twaalf, geeft een aantal aanbevelingen met betrekking tot de methodologie van sociaal benchmarken ontwikkeld in dit onderzoek en de voornaamste lessen die getrokken kunnen worden uit de succesfactoren van de op werk gebaseerde integratieprogramma’s die in dit benchmark meegenomen zijn. De onderzoeksvraag of benchmarking een nuttig instrument is voor de evaluatie van integratieprogramma’s wordt duidelijk positief beantwoord. Het tweede deel van dit onderzoek heeft laten zien dat veel geleerd kan worden van een uitgebreide discussie en vergelijking van input, proces, output, impact en externe factoren van op werk gebaseerde integratieprogramma’s. Deze exercitie is een goed voorbeeld van hoe benchmarking kan helpen bij het verbeteren van programma’s die de effectiviteit en efficiëntie van arbeidsmarktbeleid kunnen verhogen.