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

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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 trough 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 those 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
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.

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, Lodermel 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-economic 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 certificates 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), Dean (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 fulfill 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 programs. 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 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 distill 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 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>regular and community</td>
<td>32</td>
<td>Training and JSA</td>
</tr>
<tr>
<td>Netherlands 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 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 Ontario Works</td>
<td>SA</td>
<td>4</td>
<td>Un-limited</td>
<td>Community</td>
<td>18</td>
<td>small</td>
</tr>
<tr>
<td>Switzerland Temporary Job RMCA S</td>
<td>UA</td>
<td>0</td>
<td>1 to 4</td>
<td>12</td>
<td>public sect. community</td>
<td>32</td>
</tr>
<tr>
<td></td>
<td>UA</td>
<td></td>
<td></td>
<td></td>
<td>20</td>
<td>small</td>
</tr>
</tbody>
</table>

Notes: * Acronyms: NDYP New Deal for Young People, ND25+ New Deal 25 plus, RMCA S 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.