Review Article: The Governance of Activation

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This article presents a review of relevant literature on the issue of the governance of activation. The article starts with some general comments on the state of the art of research on the governance of activation. Putting governance into practice in new service provision models in the policy areas of activation and social policy, the review continues with a discussion of publications on some of the characteristics of these models: marketisation, decentralisation, inter-agency cooperation and individualisation of service provision. It also looks at literature on the implementation of activation, as this provides insight into governance issues from an organisational and street-level perspective.

Introduction

In the final article of this themed section on the governance of activation, we present a brief literature review on this topic. As was mentioned in the introduction article, the concept of governance is used in a variety of ways in the literature, and the selection of publications for this review depends, of course, on the aspects or definition of governance one focuses on. In this themed section, we have been concerned with governance in terms of new service provision models that have been introduced in the policy areas of activation and social security for people of working age. The introduction of these new models in the countries of the EU (and beyond) is a relatively recent phenomenon. As has been mentioned in several articles, many countries are involved in processes of reforming the institutional arenas through which income protection and activation services are being provided. Evidently, this has consequences for the scientific literature currently available on the issue. The number of publications that have developed into ‘core’ publications in the area is still limited. Many publications focus on analysing national developments. In addition, we expect that there will be many publications in which new service provision models are analysed and evaluated that are not aimed at an international scientific audience or are not (or not yet) published in international scientific journals (see also the list of useful sources). Only a limited number of book publications take a comparative approach by bringing together analyses of developments in different countries, and even less publications adopt a more systematic internationally comparative approach. Furthermore, we still know relatively little about the consequences of the new service provision models in terms of the impact they are supposed to have (for example, on the quality and effectiveness of services, efficiency, the responsiveness of services to the needs of service users, the integration of services), as empirical studies that evaluate the effects of the new models of service provision are still scarce. A similar comment can be made with respect to broader issues that arise in the context of new service models,
such as the accessibility of social services, the accountability of service providers, and the publicness and democratic control of social services provided by a mix of public and private providers. Finally, contributions to the study of new service provision models come from various social scientific (sub)disciplines, such as social policy, public administration, economics and public policy implementation studies, which makes it complicated to create an overview of the scientific state of affairs.

Bearing these remarks in mind, the following review will present a selection of key literature dealing with the governance of activation. Firstly, we consider publications that focus on various characteristics of new service provision models. Secondly, we examine the literature focusing on the implementation of activation policies, as these publications may provide insight into governance issues from an organisational and street-level perspective. Finally, some publications that go beyond our conceptualisation of governance, but are nevertheless important for the study of new service provision models, will be discussed briefly.

The governance of activation: key characteristics

In this section, literature focusing on specific characteristics of new forms of the governance of activation is discussed. In this context, it is useful to point at publications that discuss models of the provision of social services or, more broadly, modes of governance from a more general point of view, often not focused on one specific type of social services. Some of these publications develop service provision or governance ‘typologies’ that can provide a useful starting point for the analysis of the provision of activation, as they help to identify dimensions of change or difference for comparative or historical studies of systems of service provision (see, for example, Denhardt and Denhardt, 2000; Newman, 2001; Powell, 2007; Borghi and Van Berkel, 2007).

Marketisation of service provision

Of the key elements characterising the ‘modern’ governance of activation, the introduction of quasi-markets in the provision of activation services has been studied most extensively and systematically. Most studies focus on a limited number of countries only, as these are considered to be at the vanguard of introducing quasi-markets to activation services: Australia, the UK, the US and the Netherlands. Some studies are national case studies (Bryna Sanger, 2001; Van Berkel and Van der Aa, 2005); some adopt a comparative approach, comparing, among others, the ways in which markets were introduced, developments in the regulation of markets by the state, the nature of contracts between service purchasers and service providers, and the impact of markets on services (Considine, 2001; Bredgaard and Larsen, 2005; Struyven and Steurs, 2005; Sol and Westerveld, 2005). The studies also point out several problems that accompany marketisation, at least initially (cf. Bredgaard and Larsen in this issue). First of all, transaction costs may be high, depending, among others, on the number of providers, the knowledge purchasers have of the market, and the degree to which purchasers try to control providers through detailed calls for tender. Purchasers may try to reduce these costs, but that may have a negative impact on the quality of services. Secondly, in highly competitive markets, purchasers may be hesitant to take risks and to innovate services, leading to standardised rather than tailor-made activation services. The same effect may
occur, when contracts are granted for a relatively short period. This may discourage investments in service development, or mitigate against building networks with relevant actors. This points out that the role of public purchasers is important in ‘producing’ the effects of marketisation (Van Berkel and Van der Aa, 2005; also see Lindsay and McQuaid’s contribution in this themed section). Thirdly, purchasers often do not have a clear idea of what kind of services are adequate for what types of client groups. Evidence-based decision making is not particularly easy to realise in this area. That makes it, of course, difficult to make decisions, on substantial or service quality grounds, about what providers offer the best service package. Fourthly, mechanisms for dealing with the ‘principal–agent’ issue may have undesirable consequences. Bruttel (2005) distinguishes three such mechanisms. Firstly, incentive mechanisms such as no cure, no pay or no cure, less pay contracts. The definition of ‘cure’ is a crucial issue here, of course. For example, when contracts contain incentives to place activation participants into a job as soon as possible (which they often do), the most vulnerable people are likely to receive no adequate support or no support at all. Processes of creaming and parking, which disadvantage the unemployed that are most difficult to reintegrate into the labour market, are recognised in much of the marketisation literature. The second mechanism is information through benchmarking or monitoring. As Bruttel (2005) argues, the availability and nature of information is crucial if information is to avoid processes of parking and creaming. The final mechanism for dealing with the principal–agent issue involves control through regulation. Evidently, increasing regulation may have consequences for the flexibility of service provision (and may also increase transaction costs).

These market failures are interpreted in various ways (see Struyven and Steurs, 2005; Van Berkel and Van der Aa, 2005; Bredgaard and Larsen in this themed section). Some see them as inevitable but temporary consequences of the transformation from state to market provision, which will eventually disappear when purchasers and providers get used to the new situation. For others, it shows that the market of activation services – and of social services in general – is an imperfect market, which becomes even more imperfect as a consequence of state regulation to cope with market failures. For others still, these failures are evidence that the market is an inadequate mode of coordinating the production of social services, which should not only be efficient and effective, but also contribute to social justice and reducing inequalities.

Decentralisation

Although decentralisation has attracted less attention than marketisation in the academic literature, it is certainly a key characteristic of the new service provision models in the context of activation. Usually, two types of decentralisation are distinguished (Kjaer, 2004): deconcentration, where the centre holds the policy-making authority and ‘lower’ levels are delegated implementation tasks only; and devolution, where authority itself is submitted to a process of decentralisation and local government is accountable to the local population. In the context of activation, there is a clear development towards a devolution of authority to regional or local levels, both in terms of internal and external decentralisation (see the introductory article to this themed section).

Nevertheless, it is clear from the literature that decentralisation can take different forms in different countries, partly because it is being introduced in different institutional
contexts (Kazepov, forthcoming). As Finn (2000: 4) puts it, ‘Although there is a broadly shared agenda, there are significant differences in the ways that governments are decentralising and seeking to secure greater local coordination.’ Thus, despite the fact that a clearly shared decentralisation strategy can be seen in almost all European countries, this common trend produces different results in different countries (see, for example, Borghi and Van Berkel, 2007, on Italy and the Netherlands; also see the OECD (2003) report on decentralisation of employment services; Giguère and Higuchi, 2005).

One important aspect of decentralisation concerns the ways in which national governments try to ensure that regional/local actors act in accordance with national policy objectives. Rather than solving this problem by rules and regulations, several national governments nowadays use other means to influence regional or local decision making, for example by introducing performance indicators. These indicators aim at steering the priorities local actors set, for example regarding the nature of programmes and the target groups of activation (for an example, see the Swiss case analysed by Bonvin and Moachon, 2007). Funding regimes are another example of how national governments try to steer local decision making. In the Netherlands, the devolution of policy authority was introduced together with a budgeting of social assistance (since 2004, Dutch municipalities receive a fixed budget for social assistance expenditures). This has made the reduction of the numbers of social assistance recipients priority number one, which has had an impact on the nature of activation programmes (more ‘Work First’ like programmes) and the target groups of activation (emphasis on ‘easy to reintegrate’ clients) (Van Berkel, 2006). Thus, even though decentralisation does increase the room for local decision making and for tailoring activation programmes to local needs, the conditions under which decentralisation takes place may put considerable constraints on the decisions local actors make. In a Danish study on decentralisation, two other factors besides central-government regulation were mentioned that may constrain room for local action as well: collective agreements and professional standards (Nørgaard and Pallesen, 2003).

Moreover, despite the fact that the arguments in favour of introducing decentralisation are largely shared, the ‘dark sides’ of it are becoming more evident. Firstly, decentralisation may strengthen (territorial) differentiation and fragmentation of rights, service availability and service quality because it increases differences between regions or municipalities (e.g., Bifulco et al., forthcoming). One could argue that this is an inherent and intended consequence of decentralisation. But this does not mean that all intermunicipal (or interregional) differences with respect to activation and the treatment of unemployed people can be legitimated in terms of different local labour markets, different target groups, or differences in the situations and needs of people – which are usually the arguments with which decentralisation in the context of activation is advocated. Such differences may also be the effect of, for example, local/regional political preferences or available resources. More generally, decentralisation raises issues about the meaning of rights, equality for the law and citizenship, which are increasingly shaped by local/regional policy decisions. There may be a growing weakening of social citizenship in the context of a new geography of responsibilities (Garcia, 2006), in which the relationship between the centre and the periphery has profoundly changed and in which many other actors – from market and civil society – have come to be more actively involved. Countries may differ significantly in the degree to which they consider policy fragmentation and the increase in regional or local differences as problematic. In order to counteract differences that are regarded as
undesirable, national governments may decide to (re)centralise certain policy elements – Finland, for example, has introduced regulation in order to reduce differences between municipalities (Keskitalo, 2007). Secondly, decentralisation requires a lot of the capacities of regional and local actors, whose roles and responsibilities in policy making and service provision increase significantly (see Bonvin’s article in this themed section). In case of capacity deficiencies, local actors may resort to examples set by other municipalities or to the ‘best practices’ that have been identified or developed by, for example, expert agencies (see Bonvin and Moachon, 2007). However, whether these examples and practices are adequate approaches to the social problems experienced in specific local contexts and, thus, contribute to tailor-made solutions for these problems, remains to be seen.

In a recent comparative study of decentralisation (Kazepov, forthcoming), three critical issues were identified that require attention in the context of decentralisation processes and are themselves ‘produced’ by these processes: the territorial coordination of the actors involved in the policy, the institutionalisation of sub-national disparities and the accountability of the decision-making process. Tendler’s (1997: 145) observation about the virtues and limits of decentralisation still seems to be relevant: ‘improvements in local government turned out to be less a result of decentralisation than they were of a three way dynamic among local government, civil society and an active central government’.

**Interagency cooperation**

Significant reforms are taking place in the public institutional arena through which income protection and employment services are administered, delivered and provided (see articles by Van Berkel and Borghi; Lindsay and McQuaid; and Genova in this themed section). This has had major implications for the public institutions responsible for the administration of social insurance and social assistance, as well as for national Public Employment Services. Integrating income protection with activation in particular and with a broader range of services more generally is the most important aim of these reforms. The new design of the institutional arena as well as the consequences this has had for traditional public institutions are discussed in a growing number of publications, most of them focusing on national developments, such as Norway (Christensen et al., 2007), the UK (Wiggan, 2007), Denmark (Larsen and Mailand, 2007) and the Netherlands (Terpstra, 2002). There is also a small, though gradually increasing number of cross-national studies focusing on institutional change in the areas of income protection and activation (see Lindsay and McQuaid in this themed section; and Finn et al.’s 2005 study, comparing the German Hartz reforms with the introduction of Jobcentre Plus in the UK). Evidently, systemic reforms reflect little about what actually happens in the new forms of inter-agency cooperation, and about their impact on services. To date, evaluation studies are still scarce. Experiences of the Dutch Centres for Work and Income show that promoting cooperation and service integration is a long-term process during which many problems need to be solved (e.g. different cultures and histories, different management styles, and different ways of servicing clients), which can affect the service level and service quality (see Lindsay and McQuaid’s contribution; also see Terpstra, 2002). An evaluation of the early experiences of the UK Jobcentre Plus showed that although job entry outcomes have improved, the quality of benefit-related services decreased (Karagiannaki, 2007).
Individualisation

Providing individualised, personalised and tailor-made services is a core concern of the new social provision models introduced in the context of activation. At the same time, the meaning of individualised service provision is all but clear. In a study of individualised activation services in various EU countries, several individualisation discourses were distinguished, each of which affected the provision of services to a greater or lesser extent and in different ways (Van Berkel and Valkenburg, 2007).

In the first individualisation discourse, individualising activation services means that social services should be de-standardised, differentiated, ‘flexibilised’ and adapted to individual circumstances. As activation programmes deal with heterogeneous target groups, standard programmes aimed at broadly defined categories hamper effective activation, as they do not allow to take into account the characteristics of the individual.

The second discourse puts individualisation in the context of the introduction of markets for the provision of services and advocates that individual service users should enter (quasi-)markets of competing service providers as individual customers or consumers. Nevertheless, activation service users do not enter the market of activation services as customers who select their own services and service provider; they have little or no choice, control or purchasing power (Wright, 2006). However, there are some exceptions to this general picture of the position of clients (see Sol and Westerveld, 2005); for instance, in Germany, clients can make use of placement vouchers to buy services on the market, and, in the Netherlands, the so-called Individual Reintegration Agreement (IRO) gives clients (mainly the insured) opportunities to develop their own reintegration trajectories and to select the service provider they prefer. Outside the EU, we can point at the Ticket to Work in the US for people with disabilities.

The third discourse on individualisation that can be distinguished emphasises that social entitlements should be granted on an individual basis, contingent upon the individual’s conduct, responsibilities and compliance with obligations. This discourse has had a very clear impact on the nature of the individualised provision of activation services. It is often accompanied by a process of ‘contractualisation’ of relationships between the unemployed and the state or, more specifically, benefit or social assistance agencies (Sol and Westerveld, 2005). Contractualisation has taken place in many countries, formalised in the form of individual action plans. At the same time, clients have few institutionalised resources at their disposal to ensure that an activation offer is made to them that fits their needs and circumstances, or to force agencies to provide the services agreed upon in the contract. Because of this lack of ‘checks and balances’ in the activation process, Freedland and King (2005) – in a critical analysis of the British Jobseeker’s Agreement – argue that client contracts may tend towards ‘illiberal contractualism’. In their opinion, the justification of the decisions made and the sanctions imposed by personal advisers, is a critical issue. Based on an analysis of individualisation against the background of Sen’s capability approach (Sen, 1999), Bonvin and Farvaque (2007) reach a similar conclusion.

Evidently, the question of ‘who is in charge?’ is a crucial one in the activation process in general and in negotiations on activation contracts specifically. This issue is also explicitly at stake in the final individualisation discourse. In this discourse, service users are seen as reflexive, competent citizens. Services should support them in realising their individual life projects, and individuals should be put in charge of the service
provision process. Even though traces of this discourse are present in policy rhetoric (‘empowering the user vis-à-vis service providers’, ‘taking the individual as starting point in service provision’, ‘putting customers in the driver’s seat’), in most cases the client is not in charge in this sense. This seems to point at a broader tension between new governance and activation policy rhetoric: whereas the former emphasises the voice and choice that policy users should have in service provision processes, the latter emphasises the obligations and individual responsibilities of unemployed persons in activation, which reduces rather than enhances their active involvement in service provision.

Implementation research

Apart from the studies focusing on specific aspects of governance mentioned before, research focusing on the implementation of activation or welfare-to-work policies may provide useful insights into the governance of activation as well, even though that may not be its primary concern. Implementation research will unavoidably be confronted with new service provision models, as these are an important context in determining who the policy implementers are, how they are supposed to operate, and in co-operation (or competition) with whom. As far as we know, scientific publications on implementing activation are mainly US-based; in the EU, this type of publication (and research) is rare. At the same time, the US studies show how policy and governance reforms are enacted in practice; that is, at the front lines of the organisations involved in service provision. These studies introduce organisational issues as an important aspect of studying the governance of activation and its impact on services, such as the roles, attitudes and professionalism of frontline workers, the nature of the management of public service organisations and issues related to discretion. A study by Sandfort (1999), for example, shows the difficulties arising when frontline workers in public welfare bureaucracies and private welfare-to-work contractors need to co-operate. The results of this study show that system changes in terms of inter-agency cooperation or marketisation may be seriously hampered or even fail as a consequence of social processes within organisations; the social process ‘occurring within frontline offices has structural significance that impedes interorganizational coordination’ (Sandfort, 1999: 334). In another study, Brodkin (2007) analyses privatisation of service provision as one strategy of public organisations (besides standardisation and regulation) to deal with what she calls the fundamental problem of bureaucratic discretion. From this point of view, privatisation and marketisation are a strategy to ‘export’ this fundamental problem with which public welfare agencies are confronted. In terms of the governance of activation, her rather discouraging conclusion is that new service provision models may not solve the old problems of bureaucratic administration, but rather ‘renew’ them. A final example of an implementation study that is relevant in the context of new service provision models in the context of activation is a study by Cho et al. (2005). This study shows that local differences that emerge in a context of devolution, are not simply a consequence of local policy making and policy priorities but also of different organisational implementation conditions.

Other relevant literature

Although this review has focused on literature dealing with new service provision models in the context of activation, literature dealing with other aspects of governance may be
of relevance as well. Some of these adjacent areas of relevance will be discussed in this section.

First, there is the broader literature on social policies and governance. In this context, the work of Clarke and Newman is of particular interest, not in the least because they were the first to try to bridge the gap between social policy and governance studies (Clarke and Newman, 1997; Newman, 2001; Clarke, 2004; on activation see Newman, 2007). Their work on governance raises many issues that are relevant when analysing new service provision models in the context of activation, some of which have already been mentioned before, for example: the role and meaning of publicness in a context of increased public–private collaboration in providing publicly financed services; the role of citizens vis-à-vis public and private agencies involved in service provision, as well as of citizen participation in policy making and policy delivery; and the consequences of managerial strategies for the functioning of public institutions. In addition, their work is pervaded with an emphasis on the tensions and contradictions present in systems of governance, both at discursive and at practical levels. The governance of activation is no exception in this respect, and Clarke and Newman’s work may thus be read as an appeal to study new service provision models in activation in their specific contexts, and as a warning against too schematic and simplified research approaches.

Secondly, there is the strand of research that looks at the governance of activation not so much as the governance, organisation and management of service provision, but as the governance of groups of citizens such as the unemployed and other social groups that are supposed to be in need of activation. Both in the US and in Europe, there is a considerable literature that studies activation or welfare-to-work (as it is usually called in the US) from this perspective (e.g., Dean 1995, 1999; Peck, 2001; Handler, 2004; Serrano Pascual and Crespo Suárez, 2007; Crespo Suárez and Serrano Pascual, 2007; Johansson, 2007; Carmel et al., 2007). Many of these publications are highly critical of the ways in which active welfare states – and, a central concern of some of the publications mentioned above, EU institutions – deal with the risks of unemployment, poverty and social exclusion nowadays. First of all, because they are seen as overemphasising the ‘individual responsibility’ for conditions of need, thus undermining the social nature of, and collective responsibility for dealing with, risks and institutionalising a ‘blaming the victim’ culture as the moral basis of social policies. A second critique that is often mentioned in these publications is that social issues are being subordinated to economic concerns such as labour-market participation, labour costs, productivity, labour-market flexibilisation and so on. Independent of whether or not one agrees with this critique, these publications do make clear that activation and its governance cannot be adequately analysed without paying attention to the ways in which the social problems it deals with, and the citizens it should serve, are socially constructed. In other words, they call attention to the more fundamental ethical principles on which welfare state reforms are based, irrespective of whether these reforms are targeted at substantial, programmatic aspects of policy programmes, or at the organisation and management of the agencies involved in their administration and delivery.

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