



International Journal of Sociology and Social Policy

The diversity of activation markets in Europe
Rik van Berkel, Fritz Sager, Franziska Ehrler,

Article information:

To cite this document:

Rik van Berkel, Fritz Sager, Franziska Ehrler, (2012) "The diversity of activation markets in Europe", International Journal of Sociology and Social Policy, Vol. 32 Issue: 5/6, pp.273-285, <https://doi.org/10.1108/01443331211236961>

Permanent link to this document:

<https://doi.org/10.1108/01443331211236961>

Downloaded on: 26 June 2017, At: 06:00 (PT)

References: this document contains references to 20 other documents.

To copy this document: permissions@emeraldinsight.com

The fulltext of this document has been downloaded 1324 times since 2012*

Users who downloaded this article also downloaded:

(2012), "Governance of the activation policies in Europe: Introduction", International Journal of Sociology and Social Policy, Vol. 32 Iss 5/6 pp. 260-272 https://doi.org/10.1108/01443331211236943

(2012), "Decentralization and centralization: Governing the activation of social assistance recipients in Europe", International Journal of Sociology and Social Policy, Vol. 32 Iss 5/6 pp. 286-298 https://doi.org/10.1108/01443331211236989

Access to this document was granted through an Emerald subscription provided by emerald-srm:474878 []

For Authors

If you would like to write for this, or any other Emerald publication, then please use our Emerald for Authors service information about how to choose which publication to write for and submission guidelines are available for all. Please visit www.emeraldinsight.com/authors for more information.

About Emerald www.emeraldinsight.com

Emerald is a global publisher linking research and practice to the benefit of society. The company manages a portfolio of more than 290 journals and over 2,350 books and book series volumes, as well as providing an extensive range of online products and additional customer resources and services.

Emerald is both COUNTER 4 and TRANSFER compliant. The organization is a partner of the Committee on Publication Ethics (COPE) and also works with Portico and the LOCKSS initiative for digital archive preservation.

*Related content and download information correct at time of download.



The diversity of activation markets in Europe

Activation
markets in
Europe

Rik van Berkel

School of Governance, Utrecht University, Utrecht, The Netherlands

Fritz Sager

*Center of Competence for Public Management, University of Bern,
Bern, Switzerland, and*

Franziska Ehrler

Swiss Conference for Social Aid and Welfare (SKOS), Bern, Switzerland

273

Abstract

Purpose – The purpose of this article is to analyse the diversity of markets for the provision of activation services.

Design/methodology/approach – The article is based on the outcomes of a project involving nine European countries. The project investigated changing forms of governance of income protection schemes and activation services for unemployed people. Diversity is investigated by focusing on five dimensions of diversity derived from the quasi-market concept as developed by Le Grand: the purchasers, the providers, the customers, the purchaser-provider split and the purchaser-customer split.

Findings – The paper finds considerable diversity in the design of markets for the provision of activation. Diversity is visible in all dimensions involved in the analysis. One interesting finding is that a full split between purchasers and providers hardly exists, although some countries have introduced a stricter split than others. Another finding concerns the voice and choice of service consumers, which seems hardly affected by the introduction of market mechanisms in the provision of activation. Finally, marketisation does not seem to be an irreversible project, as de-marketisation processes were identified as well.

Originality/value – Most current research into activation markets and their effects pays little attention to the issue of diversity in the design and functioning of markets. This article argues in favour of more systematic research of market diversity and of the variety of effects of various market models. Rather than comparing marketised with public service provision, a stronger focus on various market models may strengthen our insight into how service provision models affect the effectiveness of activation services.

Keywords Activation, Governance, Marketization, Quasi-markets, Europe, Unemployment

Paper type Conceptual paper

Introduction

Undoubtedly, the introduction of markets for the provision of social services is the most salient and contested form of new governance that European welfare states have been confronted with. In the provision of activation services the introduction of market mechanisms has been booming in Europe during the last decades as well. At the same time, several authors point out that differences in the design of activation and, more generally, social services markets are significant (Struyven and Steurs, 2005; Bredgaard and Larsen, 2008; Nyssens, 2010; Bode *et al.*, 2011).

We think that exploring the issue of market diversity in more depth is interesting for various reasons. First, it may be interesting in itself in that it helps to avoid rather rigid distinctions between various service provision models by showing that concrete service



provision models often do not neatly fit into provision model typologies and that boundaries between various models are blurry rather than clear. Second, exploring diversity is a first step in developing a more elaborate research agenda, involving issues such as:

- Explaining diversity: does diversity mainly reflect different stages in the development of service markets, or is a more complex explanatory framework required? For example, does diversity reflect diversity in activation policies? Is it related to the public values that marketised service provision should guarantee in various national contexts?
- What are the consequences of market diversity for the effectiveness and outcomes of activation? From the literature we know (see the final article in this issue) that the results of marketised activation are rather mixed, and certainly not unambiguously positive. Do some market models produce different types of results and effects than others? What is the impact of various market models on the quality and accessibility of services? Are political choices regarding the design of markets explicitly intended to pursue specific policy objectives?

This article aims to be a first step in developing a research agenda for marketised activation by elaborating upon the issue of market diversity, based on our study of governance reforms in the policy areas of activation and income protection in nine European countries (van Berkel *et al.*, 2011). The article intends to identify dimensions of diversity in the design of national activation markets. Based on the concept of quasi-markets defined by Le Grand (1991) we will assess the development towards market governance in the provision of activation in the nine countries under investigation. The first part of this article will outline the theoretical framework of market governance and the concept of quasi-markets. The second part will discuss the diversity within European activation markets along the identified dimensions. Finally, we summarise the empirical evidence.

Market governance and the introduction of quasi-markets

In the literature market governance, the rational goal model of governance or New Public Management governance is often presented as a specific type of governance or governance regime with distinct characteristics compared to other types of governance: hierarchical or procedural governance or “the old public administration” on the one hand, and network or open system governance or “the new public service” on the other, as discussed by Denhardt and Denhardt (2000), Newman (2001), Considine (2001) and Struyven *et al.* (2002). These authors characterise types of governance in various ways, but they all make clear that they differ considerably in terms of their theoretical foundations, underlying models of human behaviour, the public values they emphasise, the role of government, etc. Considine (2001) has summarised the main characteristics of the various types of governance as follows[1] (Table I).

Whilst typologies such as the one developed by Considine are useful instruments in analysing how models for the provision of social services are developing, two features of governance reforms in general and the introduction of service markets specifically should be underlined. First – as was mentioned in the introduction – rather than replacing one dominant type of governance with another, these reforms may result in governance hybridisation. Several authors point out that the introduction of markets has

resulted in mixed delivery models rather than pure market delivery (Warner and Hefetz, 2008). Svensson *et al.* (2008, p. 514) develop a similar argument: “[...] the issue at stake is not how to select the best regime but how to manage a fruitful coexistence given the prevailing aims of public policy”. Second, market design changes over time, partly, as has been emphasised among others by Finn (2009), because the development and management of welfare markets involves a sharp learning curve. Hefetz and Warner (2004) show that marketisation is not a one-way street, and that public managers not only contract out but may also contract back-in. According to these authors, these governance dynamics develop while public managers “balance technical and political concerns to secure public value” (Hefetz and Warner, 2004, p. 171). This underlines the point made in the introduction that diversity may at least partially be related to differences in the stage of development of service marketisation.

To assess the development of the market governance model we will rely on a second concept: quasi-markets. Le Grand (1991) was one of the first to elaborate the concept of quasi-markets in the context of social policy, showing how markets for providing social services are similar to and differ from conventional markets. Quasi-markets are markets because monopolistic state providers are replaced with independent ones competing with each other for customers or purchasers. Ideal-typically, marketisation involves a clear split between purchasers and providers of services (Struyven *et al.*, 2002). In the context of activation services, the monopolistic state providers used to be benefit agencies, local welfare agencies or Public Employment Services (PES) agencies, i.e. the core agencies traditionally involved in the administration of income protection systems for the unemployed and the provision of the predecessors of activation policies: labour-market policies or employment services. At the same time, the traditional state monopoly in social service provision should not be taken too strict: in several countries, actors such as third sector organisations and NGO’s have a long tradition in providing social services and this involves services targeted at groups that now belong to the target groups of activation. The qualification *quasi* refers to a number of characteristics of markets for social services that makes them different from conventional markets. First of all, the providers are not necessarily private, so that marketisation is not synonymous with privatisation (Struyven *et al.*, 2002). In addition, profit maximisation is not necessarily the main objective of these providers as is the case in conventional markets. Second, the direct consumer of the service is not always involved in purchasing decisions, which are often made by the core public agencies mentioned before that, in the context of service marketisation, assume the role of service purchaser. Third, the state remains involved in the financing of the services through budgets or vouchers for social services (Nyssens, 2010).

	Source of rationality	Form of control	Primary virtue	Service delivery form
Procedural governance	Law	Rules	Reliability	Universal treatment
Market governance	Competition	Contracts	Cost-driven	Prices
Network governance	Relationships	Co-production	Flexibility	Brokerage

Source: Derived from Considine (2001, p. 24)

Table I.
Main characteristics of
three types of governance

Following the concept of quasi-markets we can identify different potential dimensions of diversity in the implementation of market forces in the provision of activation services. On the one hand we have to consider the three group of actors involved: the providers, the purchasers and the customers/users. Regarding the providers we have to consider their status as private or non-private and/or for-profit or non-profit actors. After having analysed the actors separately we look at the relation between them, focusing on the one hand on the split between purchasers and providers, on the other hand on the split between purchasers and customers. When analysing the purchaser-provider split we are interested to know how the relationship between them is regulated and to what extent they are exposed to competition. When analysing the purchaser-customer split we are interested to know to what extent the roles of purchaser and customer are separated with respect to purchasing decisions and financing.

Diversity in activation markets

In this section activation services in the Czech Republic, Finland, France, Germany, Italy, The Netherlands, Sweden, Switzerland and the UK will be discussed along the five identified dimensions (purchasers, providers, customers, purchaser-provider split and purchaser-customer split).

The purchasers

One of the main elements influencing the design of activation markets concerns the characteristics of national social policy schemes and the implementation structures through which income protection schemes and activation services are delivered. As a general rule, the agencies that act as purchasers on the market of activation services belong to the traditional core agencies responsible for providing income protection and employment services (benefit agencies, local welfare agencies or PES agencies). But as soon as we start comparing countries in more detail, the picture gets complex.

First of all we have to consider two dimensions of institutional separation in providing activation services for unemployed persons. The first dimension concerns the divide of the role of purchaser of services aimed at social assistance and unemployment insurance recipients, whereas the second dimension points at the institutional separation or integration of the administration of income protection and the provision/purchasing of activation services. We start our analysis with the UK, which has no municipally administered social assistance scheme and has integrated the benefit agency and employment services. Because of that, it is the only country in our study where income protection and activation of all unemployed people able to work is the responsibility of one single agency (Jobcentre Plus). But in contrast to what we see in many other countries, it is not Jobcentre Plus but the Ministry (Department of Work and Pensions) that acts as service purchaser. In Germany and the Czech Republic, the PES is responsible for both the administration of unemployment benefits (UB-I in the German case) and the activation of unemployment benefit recipients. The Czech PES is also responsible for activating social assistance recipients, so it acts as purchaser of activation services for all unemployed. In Germany, the activation of social assistance recipients (here we refer to UB-II) and the service purchasing function are fragmented, as three distinct systems exist: in one system, it is the responsibility of agencies jointly managed by the PES and the municipalities (so-called ARGES); in the second system, which exists in 69 municipalities, the municipalities are responsible for both UB-II administration

and activation; and in the third system, in place in 23 municipalities, the traditional division of tasks between PES and municipalities continues to exist.

Like in the German and Czech cases, in Switzerland PES agencies are responsible for activating unemployment benefit recipients. Purchasing takes place by so-called Logistics Offices operating at cantonal level in cooperation with Regional Employment Centres. For activating social assistance recipients, local or regional social assistance offices are responsible. The PES is also responsible for organising activation services for unemployment benefit recipients in Finland and Sweden. Municipalities in Sweden used to be responsible for activating social assistance recipients but recently this responsibility has been transferred to the PES for some sub-groups of them. Finnish activation for the long-term unemployed who receive labour-market support, social assistance or a mix of both is complex as two systems exist. Some municipalities decided to establish a network agency (LAFOS; see elsewhere in this special issue) in which the local welfare agency, PES and the local social insurance office cooperate in activating the long-term unemployed; in other municipalities, such LAFOS agencies do not exist.

In France and The Netherlands, the PES and the agency responsible for administering unemployment benefits have merged. The new agency is responsible for benefit administration as well as activating benefit recipients. As far as the activation of social assistance recipients is concerned: in The Netherlands, this is the responsibility of local welfare agencies. In France, departments and municipalities share the responsibility for activating this group of unemployed.

Identifying the core agencies in organising activation services only provides part of the answer to the question of who is responsible for purchasing activation. The second issue that needs to be explored in this context concerns the (de)centralised nature of purchasing. In most countries where municipalities are responsible for activating social assistance recipients, the purchasing function is decentralised. Nevertheless, examples of centralisation do exist in municipal activation. In Switzerland, for example, social assistance administration and activation have been regionalised in rural areas in order to strengthen organisational capacities and to professionalise service provision. In The Netherlands, a similar development can be seen: several smaller municipalities joined forces and established inter-municipal welfare agencies to cope with an increasing number of local tasks and responsibilities, which includes purchasing activation services.

In contexts where national benefit and/or PES agencies are responsible for the provision of activation services, the purchasing role may be more or less decentralised. Decentralised purchasing may be considered desirable because it provides regional or local public actors with discretion for tailor-made service provision processes. In The Netherlands, for example, purchasing activation services by the benefit agency was decentralised to regional levels in order to provide more flexibility concerning the selection of external providers and concerning the nature of contracted services. In the Czech Republic regional and local employment offices play a key role in purchasing services although in this case, decentralisation is not the result of explicit decision making by the national government but rather of the lack of national steering capacities and of the considerable role of European Social Fund resources in Czech activation. Italy has witnessed a regionalisation of responsibilities for vocational training and a variety of PES services, which also implies that the purchasing of these services is now located at regional or provincial levels. Decentralised purchasing does not necessarily result

in full decision-making freedom for regional and local actors. As is the case with decentralised policy making (see Minas *et al.* in this issue), regional/local actors' decisions concerning purchasing may be constrained by national regulations (see below) or be influenced by New Public Management instruments with which national governments steer regional and local actors (see Ehrler in this issue).

Centralisation tendencies in the purchasing function are common as well. We already mentioned the British case, where the Ministry performs the purchasing role. The introduction of Regional Employment Centres and Logistic Offices in Switzerland implied a shift from local to regional provision of activation services for unemployment benefit recipients. As in the case of Swiss social assistance, a major argument for this centralisation process was strengthening the organisational capacities and expertise of the agencies involved in purchasing and organising activation services. Others examples of centralisation took place in Germany, where purchasing was regionalised in so-called Regional Purchasing Centres; and in the Czech Republic by the establishment of binding rules on the content of services that should be purchased in the form of the National Integrated Projects. Centralisation is expected to standardise tendering procedures, increase transparency and reduce costs. Centralising the purchasing role may also take place in order to subject the core public agencies themselves to processes of competition. As has been described by Finn (2005), this was the case in the British Employment Zones where the Department for Work and Pensions took the role of purchaser and public agencies had to compete with private organisations for contracts.

Summarising, there are significant differences between countries concerning the public agencies which bear the primary responsibility for activating the unemployed and for purchasing activation services. Diversity is often increased as a consequence of different actors being responsible for benefit and social assistance recipients. Furthermore, the degree of centralisation of purchasing processes varies greatly among different countries.

The providers

Each country has its specific mix of for-profit private, non-profit private and public providers of activation services. Temping agencies play a role as providers in several countries: as a matter of fact, the end of the public monopoly on job placement services and the introduction of privately provided employment and placement services marked the start of marketised services in countries such as France, Germany, Italy and the Czech Republic. In Sweden, outsourcing training to private organisations in the 1980s was the first step towards marketisation of labour-market services. In some cases, the role of not-for-profit agencies in service provision originates from their traditional involvement in providing social services for the long-term unemployed, poor or socially excluded in the period before activation gained ground (examples are the UK, Germany, Switzerland and Italy). When these agencies used to be involved through networks or partnerships, the consequences of being subjected to market mechanisms and competition may be far-reaching. This is the case, for example, in France and the UK. In the UK, traditional providers have been squeezed out by private providers that managed to acquire a dominant position in the market. In France, municipalities have been reluctant to put traditional providers in a vulnerable position by subjecting them to market principles, which has probably slowed down the marketisation process. Finally, besides private providers, public agencies other than the service purchasers

(that, as will be elaborated below, still act as service providers in many countries) may be providers of activation services as well. In the Czech Republic, for example, public organisations are involved in providing marketised training. In The Netherlands (semi-)public agencies play an increasing role in providing activation services for social assistance recipients. Looking at the national profile of service providers and the relative importance of public, third sector and for-profit private agencies is not only interesting in itself, but may also be important with respect to the public values secured through marketised services. Defourny *et al.* (2010) showed, for example, that the mission of service providers matters with respect to the quality of services that providers deliver.

The customers

When looking at the target groups of marketised activation services, we observe a tendency in several countries to target marketised activation services at unemployment benefit recipients (the short-term unemployed, the easy to employ) rather than at social assistance recipients (the long-term unemployed, the hard to employ). This is the case, for example, in Germany, the Czech Republic, France, Sweden, Switzerland and The Netherlands. The clearest exception is the UK, where contracted-out services specifically target the long-term unemployed, usually people who have been unemployed for more than one year. In Sweden, the situation is changing: the increasing role of marketised service provision is considered to benefit the activation of the young unemployed and the hard to employ.

The purchaser-provider split

Ideal-typically, social services markets are characterised by a split between the roles of purchasers and providers of services to increase efficiency and responsiveness to citizens' preferences through the introduction of competition (Lowery, 1998). Does marketisation of activation services indeed introduce a split between purchasers and providers, how is it implemented and to what extent are providers exposed to open competition processes? The split between purchasers and providers implies that the core agencies identified in the above as purchasers of activation services do not at the same time provide similar services in-house. But this hardly is the case: in most countries, the purchasers also act as providers. We found only three cases where the purchaser-provider split was implemented rather strictly. The first one is the UK, where the Department for Work and Pensions performs the purchasing role. The two other cases concern activation services for unemployment benefit recipients. In Switzerland, the purchasing of services and the negotiation of contracts is the responsibility of an independent agency, the cantonal Logistics Office, which itself is not a provider of services. And in The Netherlands, the unemployment benefit agency is obliged to outsource activation services to private providers, even though the split is not full: frontline workers in the Dutch benefit agency do play a role in certain parts of the activation process, such as assessment/diagnosis or direct job placement. From a service effectiveness point of view one could even argue that it would be inefficient to refer all unemployed to a contracted provider, as this might lead to considerable deadweight. At the same time this illustrates that introducing a strict distinction between the roles of purchaser and provider may be quite difficult to realise.

In the absence of a purchaser-provider split purchasers may not be encouraged, incentivised and motivated to outsource the provision of services. This is quite clear in The Netherlands where the activation of social assistance recipients is concerned.

Local welfare agencies were obliged to outsource activation to private providers when marketisation was introduced in the early 2000s, which resulted in a boost of the number of private providers on the market. However, this obligation was abolished in 2005, after the introduction of a new Social Assistance Act: together with a decentralisation of financial responsibilities, this new Act also introduced a decentralisation of decisions concerning the nature and provision of activation. This has reduced the role of private providers in service provision (compare the contracting back-in process mentioned in the introduction): the proportion of funds for activation spent on services provided by private providers has more than halved since then. Instead, there has been an increase of activation services provided in-house or by other public organisations.

As the Dutch example of obligatory outsourcing illustrates, countries may introduce regulation or incentives to promote or enforce outsourcing to external providers. In France the public agencies responsible for activation were forced to make use of outsourced services in order to meet the targets set by the French Government in terms of activating the unemployed: their own organisational capacities were insufficient to realise these targets. In Switzerland, something similar happened after the introduction of the Regional Employment Centres and the Logistics Offices: cantons were obliged to organise a total of 25,000 places in activation programmes, thus stimulating service outsourcing. In 2008, the Swedish Government introduced regulation that should strengthen the role of private providers: of some specific sub-groups of unemployed, one-third should receive activation services provided by contracted providers. Finally, Germany introduced a voucher system for training and job placement services (see below). This way, the decision to make use of outsourced services was transferred from the PES to the unemployed themselves. Interestingly, the voucher system also included a regulation that the PES was not allowed to advise the unemployed person in selecting a service provider.

Another issue in relation to the purchaser-provider split concerns the exposition of the providers to open competition processes. In the case of public agencies the question is to what extent they are exposed to compete with private providers and for the private providers we have to ask for conditions to access activation markets.

An example of high exposure of public agencies to competition is the German voucher system: the system explicitly intended to subject the PES to competition. However, the effects for the PES were mitigated by the fact that usage of the vouchers remained limited. Another example is Switzerland, where the Logistics Offices may decide to contract either private or public providers of activation services. In the British case as well, Jobcentre Plus may be involved in direct competition, as the case of the Employment Zones mentioned before illustrated. Obviously, open competition poses a threat to the core public providers and the workers in these agencies. However, marketisation may threaten public service provision through other mechanisms than open competition. Full or partial obligatory outsourcing reduces the role of public service provision: in The Netherlands, obligatory outsourcing almost completely abolished the public provision of activation (the main exception being services for people unemployed for less than six months). The PES department traditionally responsible for providing activation services was privatised but eventually did not manage to survive in the market of service providers. As we saw before, Sweden also introduced a system of partially obligatory outsourcing. In France, the increasing role of private service provision caused uncertainties concerning the future of public services, leading to a strike of part of the PES workers in 2007.

Conditions for providers to enter the market are crucial for the introduction of competition. Like conventional markets, activation markets are not necessarily completely free but may be subject to forms of national state regulation. The Czech Republic and The Netherlands are examples of countries where market regulation by the state is limited, though for different reasons. Whereas in the Czech case, the capacities of the national state to regulate the market and to enforce the implementation of regulation are limited, The Netherlands has explicitly chosen to use a market self-regulation model. This makes it relatively easy for providers to enter the market, and for purchasers to contract private providers of their choice. Various countries have introduced forms of regulation of the activation market. In France, for example, providers have to abide to public service principles, such as non-discrimination, free job placements and public control. Providers of training services need to be certified in several countries, such as Germany and the Czech Republic. In Germany, only activation programmes with an expected success rate of 70 per cent labour-market reintegration after six months of programme participation are entitled to public funding. In Switzerland, providers are not allowed to make profit in some specific programmes. Although we can only provide a rather unsystematic insight into market regulation here, these examples illustrate that both providers and purchasers are confronted with different degrees as well as different kinds of market regulation in European countries.

A final issue we want to mention in this context concerns relations between providers and purchasers. Concerning the realisation of the purchaser-provider split we would, according to Considine's typology, expect contracts to play a major role and we have little reason to believe that they do not. However, it would be interesting to see to what degree these relationships strictly follow the market model or also involve elements of procedural or network governance. Although our data on this issue is thin, some developments seem to point towards a mix of principles underlying relationships between purchasers and providers. For example, while in the UK pay-for-performance systems are the rule in contracting providers, they are considered to be exceptional in France and in the Czech Republic. In the Czech case this is attributed to the lack of organisational capacities of local employment agencies to implement market principles in contracting external providers. In Dutch municipal activation, performance contracts and outcome targets are used less frequently nowadays than in the early days of marketisation, as these are considered as providing insufficient guarantees for successful and effective activation services. Instead, steering of private providers has become more focused on process requirements, which has been interpreted as an attempt to strengthen the role of local welfare agencies in activation through the adoption of "old", bureaucratic rather than new forms of control (Corra and Plantinga, 2009). In France and Finland, where local service provision for vulnerable and long-term unemployed people has a tradition of being organised through partnerships and networks, the increasing importance of service marketisation may result in relationships between purchasers and providers characterised by a mix of network and market governance elements. In other words, relationships between purchasers and providers can provide us with additional insight into the nature of activation markets.

The purchaser-customer split

It is often argued that one of the advantages of markets for social services is enhancing consumer choice (Hipp and Warner, 2008). As a matter of fact, "putting customers

in the driver's seat" was one of the pillars of Osborne and Gaebler's (1992) reinventing government project. Does marketisation have an impact on the voice and choice of unemployed people, the direct users of activation services, in decisions concerning their activation process and the provider of services? In general, we can say that this is not the case. Frontline workers may take unemployed people's wishes and ambitions into account, but this is usually not the consequence of the institutionalisation of voice and choice mechanisms introduced in the context of marketised service provision. In the countries involved in our study, we only found two exceptions. The first is the German voucher system that was mentioned already, which was introduced to empower the unemployed on the one hand and to subject the German PES to competition on the other. The second exception concerns the Dutch Individual Reintegration Agreement (IRO). Dutch recipients of unemployment benefits are entitled to make use of this instrument which allows them to develop their own activation plan and to select their own provider of activation services. Although the benefit agency has to approve of the activation plan, the IRO has increased the voice and choice of the unemployed. The IRO contributed to a decentralisation of the purchasing process as well as to an increase of the number of private providers, since the choice of the unemployed for a provider is not limited to private providers already contracted by the benefit agency.

Conclusion

In this article we explored diversity in the context of the marketised provision of activation services in nine European countries. Although we do not pretend that we have provided a complete overview of all dimensions of diversity, we can conclude that activation markets differ in a wide range of characteristics. Using the concept of quasi-markets as defined by Le Grand we are able to show that marketisation tendencies occurred to varying degrees and in various ways in the countries involved in our analysis. The development towards quasi-markets is characterised by a split between purchaser and provider of activation services, replacing monopolistic state provision with competing providers. The analysis showed that all countries indeed abandoned monopolistic state provision, most of them by introducing privately provided services, although each country involved in the analysis has its specific mix of for-profit and non-profit private and public agencies in the provision of activation services. But the provider-purchaser split was not implemented to the full. In most countries the public purchasers continue to act as providers of activation services. Only the UK, The Netherlands and Switzerland implemented a rather strict split between purchasers and providers for unemployment benefit recipients.

The second element of quasi-markets outlined by Le Grand, the involvement of the state in financing activation services, is given in all countries. Some variance was found related to the involvement of the consumer in the purchasing decision. In two countries the decision was partly transferred to the consumer: Germany introduced a voucher system and The Netherlands introduced IROs where consumers (unemployment benefit recipients) choose their own activation trajectory.

As a conclusion it can be stated that The Netherlands and Switzerland seem to have marketised their activation services more substantially than others; the UK is currently strengthening the role of marketised service provision. The German voucher system also points towards a considerable degree of marketisation but its impact until now is modest. All in all, the nine countries under investigation are far from the implementation

of conventional markets but all of them show tendencies towards quasi-markets. Simultaneously, we also found instances of the opposite tendency of de-marketisation, in the sense of reinforced in-house provision of services. Related to the governance typology of Considine and the question whether the introduction of activation services amounts to a shift in types of governance or rather to a hybridisation of governance models, the evidence that we were able to provide in this article seems to point to the latter rather than the former. However, a more systematic insight into countries' activation markets will require further research.

In the introduction we argued that studying market diversity is not only interesting in itself but may also be a first step in investigating broader issues related to explaining diversity and to the potentially heterogeneous effects and impacts of various market models on service effectiveness, service quality, service access, etc. We lack the room here to elaborate upon these issues in any detail. But more importantly, the data needed for such an exercise are not available. As is argued in the article on effects of governance reforms by De Graaf and Sirovatka in this issue, our insights into the impact of governance reforms in general are limited. And although we could say that marketisation is the most frequently and intensively researched governance reform, we are not aware of studies that investigate and compare various market models in any depth. Evaluation studies of activation markets often abstract from concrete market characteristics. Given the contested nature of marketisation on the one hand and the diversity of activation markets on the other, it might be useful to reconsider the focus of research into the marketisation of activation services. Rather than asking whether or not markets do a better job than the public sector, it might be more useful to investigate the question what type of markets produces what type of effects for what types of target groups of unemployed people. Against this background, we hope that this article has made a useful contribution to developing a research agenda for comparative activation market research.

Note

1. In his theoretical model, Considine distinguished a fourth type of governance: corporate governance. On the basis of his empirical research, however, he reached the conclusion that market and corporate governance are in fact one single type of governance.

References

- Bode, I., Gardin, L. and Nyssens, M. (2011), "Quasi-marketisation in domiciliary care: varied patterns, similar problems?", *International Journal of Sociology and Social Policy*, Vol. 31 Nos 3/4, pp. 222-35.
- Bredgaard, T. and Larsen, F. (2008), "Quasi-markets in employment policy: do they deliver on promises?", *Social Policy & Society*, Vol. 7 No. 3, pp. 341-53.
- Considine, M. (2001), *Enterprising States: The Public Management of Welfare-To-Work*, Cambridge University Press, Cambridge.
- Corra, A. and Plantinga, M. (2009), "New modes of governance in the Dutch reintegration market", paper presented at the ASPEN/ETUI-REHS Conference, Brno, 20-21 March.
- Defourny, J., Henry, A., Nassaut, S. and Nyssens, M. (2010), "Does the mission of providers matter on a quasi-market? The case of the Belgian 'service voucher' scheme", *Annals of Public and Cooperative Economics*, Vol. 81 No. 4, pp. 583-610.

- Denhardt, R.B. and Denhardt, J.V. (2000), "The new public service: serving rather than steering", *Public Administration Review*, Vol. 60 No. 6, pp. 549-59.
- Finn, D. (2005), "The role of contracts and the private sector in delivering Britain's 'employment first' welfare state", in Sol, E. and Westerveld, M. (Eds), *Contractualism in Employment Services: A New Form of Welfare State Governance*, Kluwer Law International, The Hague, pp. 101-19.
- Finn, D. (2009), "The 'welfare market' and the flexible new deal: lessons from other countries", *Local Economy: The Journal of the Local Economy Policy Unit*, Vol. 24 No. 1, pp. 38-45.
- Hefetz, A. and Warner, M. (2004), "Privatization and its reverse: explaining the dynamics of the government contracting process", *Journal of Public Administration Research and Theory*, Vol. 14 No. 2, pp. 171-90.
- Hipp, L. and Warner, M. (2008), "Market forces for the unemployed? Training vouchers in Germany and the USA", *Social Policy & Administration*, Vol. 42 No. 1, pp. 77-101.
- Le Grand, J. (1991), "Quasi-markets and social policy", *The Economic Journal*, Vol. 101 No. 408, pp. 1256-67.
- Lowery, D. (1998), "Consumer sovereignty and quasi-market failure", *Journal of Public Administration Research and Theory*, Vol. 8 No. 2, pp. 137-72.
- Newman, J. (2001), *Modernising Governance: New Labour, Policy and Society*, Sage, London.
- Nyssens, M. (2010), "Introduction to the special issue the development of quasi-markets in domiciliary care: a European perspective", *Annals of Public and Cooperative Economics*, Vol. 81 No. 4, pp. 501-7.
- Osborne, D. and Gaebler, T. (1992), *Reinventing Government: How the Entrepreneurial Spirit is Transforming the Public Sector*, Penguin, London.
- Struyven, L. and Steurs, G. (2005), "Design and re-design of a quasi-market for the reintegration of job-seekers: empirical evidence from Australia and The Netherlands", *Journal of European Social Policy*, Vol. 15 No. 3, pp. 211-29.
- Struyven, L., Steurs, G., Peeters, A. and Minne, V. (2002), *Van aanbieden naar aanbesteden. Marktwerking bij arbeidsbemiddeling en -reïntegratie in Australië, Nederland, Verenigd Koninkrijk en Zweden*, Acco, Leuven.
- Svensson, J., Trommel, W. and Lantink, T. (2008), "Reemployment services in The Netherlands: a comparative study of bureaucratic, market and networks forms of organization", *Public Administration Review*, Vol. 68 No. 3, pp. 505-15.
- van Berkel, R., de Graaf, W. and Sirovatka, T. (Eds) (2011), *The Governance of Active Welfare States in Europe*, Palgrave Macmillan, Basingstoke.
- Warner, M. and Hefetz, A. (2008), "Managing markets for public service: the role of mixed public-private delivery of city services", *Public Administration Review*, Vol. 68 No. 1, pp. 155-66.

About the authors

Rik van Berkel is Associate Professor at the School of Governance of Utrecht University, The Netherlands. His research interests are situated on the interface of social policy, public administration and public organization studies, and include active welfare state transformations, the introduction of new models for the provision of social services, and processes of change in public organizations responsible for the implementation of social policy and governance reforms. He has published several edited volumes and articles in journals such as *Public Administration*, *Journal of Social Policy*, *European Journal of Social Policy*, *Social Policy and Society*, and *European Journal of Social Work*. Rik van Berkel is the corresponding author and can be contacted at: r.vanberkel@uu.nl

Fritz Sager is Professor of Political Science at the Center of Competence for Public Management at the University of Bern, Switzerland. He is specialized in administrative studies and theory, policy research, programme evaluation, organizational analysis, and Swiss politics. He acted as External Expert for the Federal Government in various policy fields such as health, transport, environment, security, vocational education and international relations. His research has been published in the *Public Administration Review*, *Governance*, *Public Administration*, *Policy & Politics*, *Political Studies*, *West European Politics*, *Journal of Urban Affairs*, *American Journal of Evaluation*, *Public Money & Management*, *Evaluation*, and the *Swiss Political*.

Franziska Ehrler studied Political Science and Economics and worked as a Research Assistant at the Center of Competence for Public Management at the University of Bern. She is now in charge of the Research Division at the Swiss Conference for Social Aid and Welfare. Her main research interests lie within the fields of social policy and family policy. She has contributed, together with Fritz Sager, to a recent book edited by Rik van Berkel, Willibrord de Graaf and Tomáš Sirovátka: *The Governance of Active Welfare States in Europe* (Palgrave, 2011).

This article has been cited by:

1. Stefania Sabatinelli DASTU, Dipartimento di Architettura e Studi Urbani, Politecnico di Milano, Milan, Italy. Matteo Villa Department of Political Science, University of Pisa, Pisa, Italy. . 2015. Happy ever after in the quasi-market place? The dowry logic of active labour policy in the Lombardy Region. *International Journal of Sociology and Social Policy* 35:11/12, 812-827. [[Abstract](#)] [[Full Text](#)] [[PDF](#)]
2. ELEANOR CARTER, ADAM WHITWORTH. 2015. Creaming and Parking in Quasi-Marketised Welfare-to-Work Schemes: Designed Out Of or Designed In to the UK Work Programme?. *Journal of Social Policy* 44:02, 277-296. [[CrossRef](#)]
3. Anton Oleinik, Momysh Yermekov, Zharas Kuatbekov. 2015. Power distance, sub-ethnic groups, and teams of civil servants: Overlooked factors of administrative reform in Kazakhstan?. *Public Policy and Administration* 30:2, 182-205. [[CrossRef](#)]
4. Katharina Zimmermann, Patrizia Aurich, Paolo R. Graziano, Vanesa FuertesLocal Worlds of Marketization - Employment Policies in Germany, Italy and the UK Compared 11-32. [[CrossRef](#)]
5. James Rees, Adam Whitworth, Elle CarterSupport for All in the UK Work Programme? Differential Payments, Same Old Problem 109-128. [[CrossRef](#)]
6. Rik van BerkelQuasi-markets and the Delivery of Activation - A Frontline Perspective 75-90. [[CrossRef](#)]
7. Jay Wiggan. 2015. Varieties of marketisation in the UK: examining divergence in activation markets between Great Britain and Northern Ireland 2008–2014. *Policy Studies* 36:2, 115-132. [[CrossRef](#)]
8. Károly Mike, Gábor Balás. 2015. Measuring for Absorption: How the Institutionalisation of EU Cohesion Policy Influences the Use of Performance Indicators in Hungary. *NISPAcee Journal of Public Administration and Policy* 8:2. . [[CrossRef](#)]
9. Martin Heidenreich, Patrizia Aurich-Beerheide. 2014. European worlds of inclusive activation: The organisational challenges of coordinated service provision. *International Journal of Social Welfare* 23, S6-S22. [[CrossRef](#)]
10. Adam Whitworth, Elle Carter. 2014. Welfare-to-Work Reform, Power and Inequality: From Governance to Governmentalities. *Journal of Contemporary European Studies* 22:2, 104-117. [[CrossRef](#)]
11. James Rees, Adam Whitworth, Elle Carter. 2014. Support for All in the UK Work Programme? Differential Payments, Same Old Problem. *Social Policy & Administration* 48:2, 221-239. [[CrossRef](#)]
12. Katharina Zimmermann, Patrizia Aurich, Paolo R. Graziano, Vanesa Fuertes. 2014. Local Worlds of Marketization - Employment Policies in Germany, Italy and the UK Compared. *Social Policy & Administration* 48:2, 127-148. [[CrossRef](#)]
13. Rik van Berkel. 2014. Quasi-markets and the Delivery of Activation - A Frontline Perspective. *Social Policy & Administration* 48:2, 188-203. [[CrossRef](#)]