

THE REFLEXIVE EUROPEANIZATION OF EMPLOYMENT AND SOCIAL POLICIES

Assessing the Impacts of OMCs on National Institutions
The German, Italian and French Experiences

Presentation at the Workshop
"Changing European Employment and Welfare Regimes:
The Impact of the Open Method of Coordination on
National Labour Market and Welfare Reforms"
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Plan of the Talk

- I. The OMC: an Open Process
 - a) The OMC and Domestic Social Fields
 - b) Comparing the OMC/Inclusion and the EES
 - c) Expected Changes
- II. Comparing the Impact of EES and OMC/Inclusion
 - a) Germany: Cognitive Change
 - b) Italy: Normative Change
 - c) France: Strategic Change
- III. Conclusion

Ia The OMC and domestic social fields

- OMC impacts depend on domestic institutional setting
 - the impact of the OMC processes depends on three conditions
 - cognitive condition
 - They can only impact on national regimes if they fit in national mindsets
 - normative condition
 - They can only impact on national regimes if they can be appropriated to the existing domestic institutions
 - strategic condition
 - They can only impact on national regimes if the learning actors have the power to influence the change of domestic institutions
- The effects of an OMC process on the national employment and welfare regimes are influenced by the national institutional environment.

Ib Comparing the OMC/Inclusion and the EES

- OMC impacts depend on its own institutional design
 - EES
 - relies upon a coherent and complementary set of instruments
 - aims at fostering Flexicurity (coherent model)
 - target group: the member states' administrations
 - OMC/ Inclusion
 - fragmented, incoherent set of instruments
 - aims at fostering at social inclusion (fragmented model)
 - multi-dimensional phenomenon,
 - "require the mobilisation of a wide range of policies under that overall strategy" (Commission 2000: 3).
 - most important goal is to improve interaction between state and non-state organisations
 - target group: strengthening and the activation of the civil society

Ic Expected Changes

- three dimensions of change can be expected
 - cognitive change
 - changing domestic mindsets and beliefs
 - as a consequence challenging the instrumental approach and the present power relations
 - normative change
 - improving existing or introducing new measures to reach existing goals
 - strategic change
 - referring to OMC in order to strengthen own position
 - this appropriation of OMC policies may, in the long run, initiate cognitive as well as normative change



Ila National Experiences – the German case

- "industrial high productivity regime"
 - Traditionally the labour market policies concentrate on the protection of the existing regular work contracts
 - Complementary to this, the welfare regime was oriented towards protecting the living standard of the employees and their families and to guarantee a margin of subsistence by welfare aid to the poor
 - Poverty was therefore considered a phenomenon that was defeated by welfare aid
 - The Hartz reforms
 - Initially regarded merely as a short-term reaction to the placement scandal in the federal employment agency
 - Today considered the most ambitious reforms of the labour market and welfare policy in post-war Germany
 - The aim of the reforms was to activate the unemployed
- deep cognitive change regarding the goal of labour market policy
- but many implementation problems due to institutional inertia



Germany – the national appropriation of the EES

- Mainly cognitive changes
 - Reorientation from passive to active labour market policies
 - intensifying advisory services for jobseekers and
 - development of individual strategies for job placement
 - means tested long term unemployment benefits (ALG II)
 - Increased responsibility of job seekers
 - influences the perception of civil servants and the social partners

The development that we now say, we need to find ways for better advisory services for young job seekers. The official-customer ratio which now is codified in the SGB II 1:75, this is, for example, also a development which became clear in the employment policy thanks to the EU. (D1)



Germany – the national appropriation of the OMC/Incl.

So Germany rejects the OMC [...] that is probably the government, which rejects the OMC, and if they must take part, they want to look good. [...] (EU20a)

- Cognitive dimension
 - Individual experiences within the federal administration
 - Comparison and orientation framework for the NGOs
- Normative dimension
 - Individual learning of single civil servants without an impact to the state discussion
 - Stronger cooperation between the NGOs
- Strategic dimension
 - The key actors have no influence in the discussion on the state level



Germany - Comparing the Impact of EES and OMC/Incl.

coupling	EES	OMC/Incl.
cognitive	<i>Strong for all relevant actors</i> - Segmentation of the labour market no longer accepted Change towards active instead of passive labour market policies	<i>Low</i> - Poverty considered as a problem that is tackled
normative	<i>Medium</i> - pro: changed concept of labour market policy - con: existing complementary institutional settings	<i>Low</i> - no concept of social inclusion - institutions build on material concept of poverty
strategic	<i>High for labour market policy</i> all relevant actors (ministry and social partners) are closely involved <i>low for all other aspects of employment policy</i> other actors very loosely coupled	<i>Low</i> High fragmentation of national competences. National and local experts are only indirectly involved
Involvement of non-state actors	Informal and formal involvement of the social partner by the government	Involvement of the NGOs above all by the action programme



IIb National Experiences – the Italian case

- **familial-particularistic system**
 - Securing regular jobs of male skilled workers
 - Strong exclusion of women, young and old people from the labour market, a low employment rate as well as a high poverty rate
 - lowest employment rate for women, young people and for older workers of all OECD countries
 - patriarchal family and the regions as the central institutions for social protection
- **reforms based on a selective Flexicurity approach**
 - reforms to render the labour market more flexible should be accompanied by an active labour market policy
 - no adaptation of the system of social protection to discontinuous career paths
- easing dismissal failed due to strong resistance
 - in the society and by social partners
 - enduring strong gender, education, age related and regional labour market segmentation
 - threat of growing precariousness for marginalised groups



Italy - the national appropriation of the EES

- **Mainly strategic changes**
 - Introducing active labour market policy at regional level due to financial incentives by ESF
 - Strong use the bad performance of Italy (employment rate) to justify reform necessity
 - cut employment protection
 - making the labour more flexible by new work contracts
 - Strengthening the administration's capacity to act
 - development of a close epistemic community within the ministry
 - coupled with the introduction of evaluation and monitoring of reform measures



Italy – the national appropriation of the OMC/Incl.

- **Strategic changes**
 - Strengthening of their own capacity through national and transnational projects by the NGOs
 - Strengthening of their own capacity through national and transnational communication systems by the NGOs
- **Normative changes**
 - Punctual learning: using indicator as a consequence of a project of the action programme by the NGOs
 - No connection to the national reforms on the state level
- **Cognitive changes**
 - Selective reflection of the own situation by some NGOs
 - No connection to the national reforms on the state level

The Italian [roundtable] was difficult because the Italian government want to give it a particular political focus on the familiar responsibility and perhaps the privatization of welfare and the NGOs weren't particular happy with that. (EU 11)



Italy - Comparing the Impact of EES and OMC/Incl.

Coupling	EES	OMC/Incl.
Cognitive	<i>Medium</i> Increase in employment rate	No need for national social policy
Normative	<i>Very low</i> - Except flexible labour market for marginalised groups - No tradition of formal lifelong learning - No tradition of active labour market policy	<i>Very low</i> - Social protection of the whole family relies on the employment protection for male breadwinner - Central actors are the regions - OMC/Incl. seen as not appropriated
Strategic	<i>Medium to strong</i> - Close coupling of national and European responsibility in the government; - Close coupling of ESF and regional PES - limited implementation capability of the national government - little involvement of social partners and regions	<i>Very low</i> - Division of competences in the fragmented field - Leading actors not in command of competences either in the government or in the field - close coupling of development of NGOs and EAPN ???
Involvement of non-state actors	Formal involvement of the social partner by the government	Involvement of the NGOs through the action programme

Ilc National Experiences – the French case

- **Centralist employment and welfare regime**
 - priority to strengthen social cohesion
 - labour market policy is concentrated on the creating of regular work/ full time employment
 - social policy is focused on the integration of excluded groups in the society
 - relying on the steering capacity of the state
 - **No major reform project but a variety of small measures**
 - Raising integration of young people in the labour market by subsidised work contracts
 - Public protests against a more flexible labour market (CPE)
 - cognitive reorientation failed
- Attempts to introduce new instruments to reach the traditional goals
→ Protests against the reforms and against the EU

France - the national appropriation of the EES

- **Mainly normative changes**
 - Enduring perception of necessity to include marginal groups
 - Still relying on an active approach of the state as actor
 - Using European learning forum to
 - introducing new and improving existing measures to include marginal groups into the labour market
 - measure success of labour market policies
 - evaluation according to existing goals
 - Subsidising jobs keeps to be the key labour market approach

France – the national appropriation of the OMC/Incl.

- **Normative changes**
 - Use of experience of the OMC/Incl. in dealing the new budget law

So now each minister is obliged to present to the parliament his actions and the budget he claims for that with accurate programmes associated with indicators and of course some preliminary results. In this context the OMC and the selection of indicators for social inclusion has an important role. It could help us to select indicators on the national level. (F17)

- **Cognitive changes**
 - Selective reflection of the own situation at administrative level
 - Individual learning in the non-governmental organisations through action programmes
- **Strategic changes**
 - Avoidance of a reference to Europe, as resistance of the population is feared at the national level

The term of social inclusion is French, the concept was French, the French were in the presidency in the second half of the year of 2000 when this was being created, so they were very energetic in creating the common objectives. (EU12)

France - Comparing the Impact of EES and OMC/Inclusion

Coupling	EES	OMC/Incl.
cognitive	<i>Low - Maintaining existing concept</i> Need of stronger integration of marginal groups into the labour market	<i>Strong</i> Stronger integration of marginal groups into the labour market as well as supportive measures for the appeasement of certain social problems
normative	<i>High</i> responsive as a forum to improvement of national measures of labour market policies	<i>Medium</i> - Connectable to the transition of reforms through the administration. - Not connectable at the political summit, since the OMC/Incl. is regarded as an unwanted influence of the EU on the social state
strategic	<i>Medium</i> Implementation ability in the government but strong social resistance/weak government; No social mediation by social partners	<i>Medium/Low</i> National experts are involved at administrative level, no involvement of the political level
Involvement of non-state actors	Formal involvement of the social partner via government	Involvement of some persons in the action programme



Conclusion

Dominant impact	Germany	Italy	France
EES	<i>Cognitive change within federal administration</i> Change of the concept of labour market policy of all relevant actors From passive to active labour market policy	<i>Strategic change within state administration and PES</i> Strong reference to targets of Lisbon strategy to justify reforms Introduction of active labour market policies at regional level due to financial incentives of ESF	<i>Normative change within administration</i> Introduction of a variety of new measures and instruments to achieve exiting ends
OMC/ Incl.	<i>Cognitive change within the civil sector</i> Development of the comparison and orientation framework by the involved NGOs	<i>Strategic change within the NGOs and the regions</i> Strengthening the own capacity by the action programme	<i>Normative change within administration</i> Introduction of a variety of instrument to meet exiting ends



Conclusion

- Thanks for paying attention



Hypotheses for our research

- Differences in institutional environments provoke different impacts
 - In Germany dominates a cognitive
 - In Italy a strategic
 - In France a normatively-initiated change
- Differences of OMC processes provoke different impacts
 - EES aims at the national administration and a change of the concepts and measures of the labour market legislation
 - the OMC/Inclusion aims at a change of the targets, the policy approach and the institutional capacity of NGOs
- Social change is the more likely the more
 - the relevant actors perceive a need to reform the policy
 - the targets and the instruments of an OMC are responsive to the existing national institutions
 - the relevant actors actively pick up results of an OMC process



Ic The OMC and domestic social fields

- domestic social fields
 - Develop according to their internal logic based on interactions between different actors, which are orientated towards each other according to their significance, sanctioning potential and power relations
 - Innovations are possible, but they need to be conservative enough so that they can be appropriated into the domestic institutional setting
- The OMC is not necessarily responsive to domestic institutions
 - the impact of the OMC depends on three conditions
 - cognitive condition
 - They can only have an impact if they are perceived as useful by the national actors and organisations
 - normative condition
 - The inputs can only have an influence when they can be appropriated to the existing domestic institutions
 - strategic condition
 - Finally it is important that the learning actors have the power to influence the change of domestic institutions
- The effects of an OMC process on the national employment and welfare regimes are influenced by the national institutional environment.



I The OMC an Open Process

- OMC in the narrow sense
 - iterative benchmarking process
 - with common targets, indicators, peer reviews and a reporting system that renounces formal sanctions
 - OMC processes vary considerably regarding their
 - sanctioning potential
 - binding character
 - persuasiveness of their aims
- OMC in a broader sense
 - additional instruments and mechanisms may flank the benchmarking process to a different extend
 - ESF, Action Program to fight social exclusion,
 - Mutual Learning Programs and other expert networks (e.g. PES, MISEP, employment observatory for EES)



institutional learning within domestic social fields

- Observed domestic effects of OMC processes
 - initiate national reform discourses (cognitive)
 - Introduction of new measures (normative)
 - new communication patterns and strengthening 'institutional capacities' (strategic)
- How do national actors appropriate OMC processes?
 - the mechanisms and the instruments of different OMC processes differ considerably
 - respective national institutional environments are crucial for the success of an OMC
 - The cornerstone of the analysis needs to be the interdependency of national institutional environments and the exogenous influence of OMC



Germany - Comparing the Impact of EES and OMC/Incl.

	EES	OMC/Incl.
Perception of the exigency of reforms	<i>Strong for all relevant actors</i> - Segmentation of the labour market no longer accepted Change towards active instead of passive labour market policies	<i>Low</i> - Poverty considered as a problem that is tackled
Responsiveness to national institutions	<i>Medium</i> - pro: changed concept of labour market policy - con: existing complementary institutional settings	<i>Low</i> - no concept of social inclusion - institutions build on material concept of poverty
Implementation capabilities of the relevant actors	<i>High for labour market policy</i> all relevant actors (ministry and social partners) are closely involved <i>low for all other aspects of employment policy</i> other actors very loosely coupled	<i>Low</i> High fragmentation of national competences. National and local experts are only indirectly involved
Involvement of non-state actors	Informal and formal involvement of the social partner by the government	Involvement of the NGOs above all by the action programme



Italy - the national appropriation of the EES

- **Strategic changes**
 - Introducing active labour market policy at regional level due to financial incentives by ESF
 - Strong use of the EES and the bad performance of Italy in terms of employment rate in all official documents as justification for the need to make the labour market more flexible (cut employment protection) in order to further political reform interests
- **Cognitive changes**
 - Partial learning of directly involved civil servants and of labour market experts, no overarching cognitive change in the field
- **Normative changes**
 - Development of a close epistemic community within the ministry
 - Coupled with the introduction of evaluation and monitoring of reform measures



Italy - Comparing the Impact of EES and OMC/Incl.

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Implementation capabilities of the relevant actors	<i>Low</i> - Close coupling of national and European responsibility in the government; - limited implementation capability of the national government - little involvement of social partners and regions	<i>Very low</i> - Division of competences in the fragmented field - Leading actors not in command of competences either in the government or in the field
Involvement of non-state actors	<u>Formal</u> involvement of the social partner by the government	Involvement of the NGOs through the action programme



France - Comparing the Impact of EES and OMC/Inclusion

	EES	OMC/Incl.
Perception of the exigency of reforms	<i>Strong for instruments, low for concept</i> Need of stronger integration of marginal groups into the labour market	<i>Strong</i> Stronger integration of marginal groups into the labour market as well as supportive measures for the appeasement of certain social problems
Responsiveness to national institutions	<i>Medium</i> Connectable as a learning forum for the improvement of national measures of labour market policies	<i>Medium</i> - Connectable to the transition of reforms through the administration. - Not connectable at the political summit, since the OMC/Incl. is regarded as an unwanted influence of the EU on the social state
Implementation capabilities of the relevant actors	<i>Medium</i> Implementation ability in the government but strong social resistance/weak government; No social mediation by social partners	<i>Medium/Low</i> National experts are involved at administrative level, no involvement of the political level
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