

The Domestic Europeanization of Employment Policy

Effects, Mechanisms and Actors
in the process of institutional change

Saturday, August 29th 2009

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- Resumé
 - (personal) lessons from the lectures and your papers for Europeanization discourse
- making sense (sociologically speaking) of Europeanization
 - propose a theoretical foundation
 - what are the underlying mechanisms and processes
 - (theoretically) generalize findings (?)
- my findings as an example
 - (Zirra 2009(?), Die Europäisierung nationaler Beschäftigungspolitik (The domestic Europeanization of Employment Policy)
- lessons for crisis?

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Resuming papers and presentations

LESSONS WE LEARNED

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- QUERU
 - Flexicurity and activation may contribute to reduce the rate of Quasi Equilibrium Rate of Unemployment.
 - need for institutional reform particularly in Continental and southern Europe
 - need to take into account the non-labour market institutional spheres that influence the employment rate.
- QUERU-Strategy only necessary in prosperous situation?

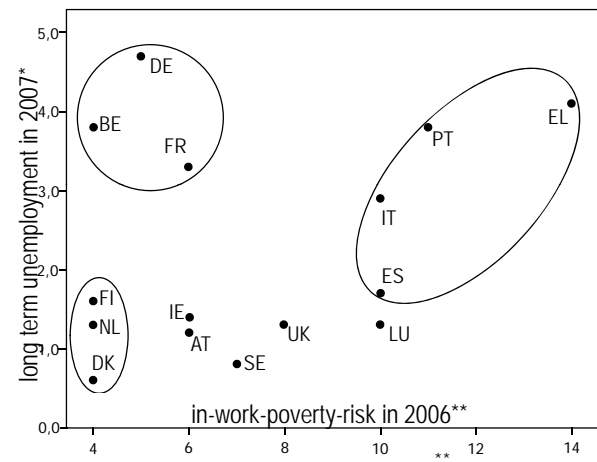
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Martin Heidenreich

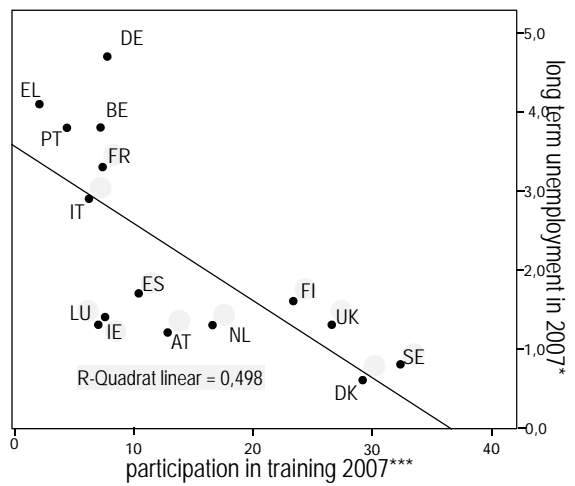
Challenges of Continental Employment Regimes

- inclusive vs. exclusive labour market regimes
 - Continental and Southern European (as well as CEE) countries face the problems of segmented labour markets
 - duality of labour law, social security along patterns for different groups in society
- modern employment policy's aim
 - integrate social security and equal opportunity for all citizens
 - with high employment rate and sustainable growth
- towards an integrated employment policy
 - adaptability (flexibility) of the labour market
 - social security funded by taxes (instead of contribution based)
 - activating labour market policy
 - asks for a radical change of contemporary employment regimes
- but expectation of national/domestic blockages
 - particularly in Continental, Southern and CEE countries
 - well organized labour market insiders, historically evolved concepts of employment, institutional complementarities, (southern+cee: scarce organisational/institutional resources)

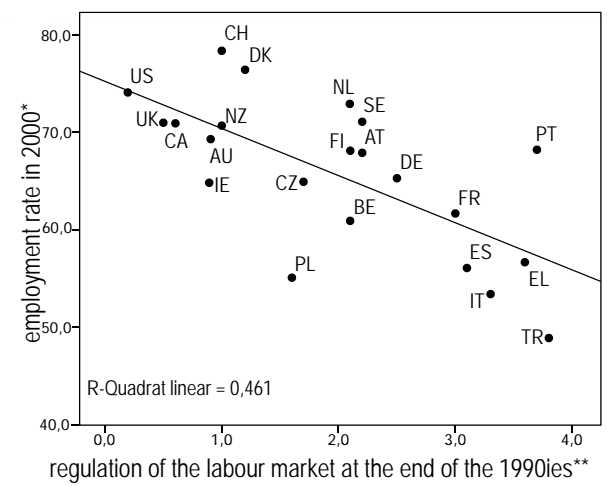
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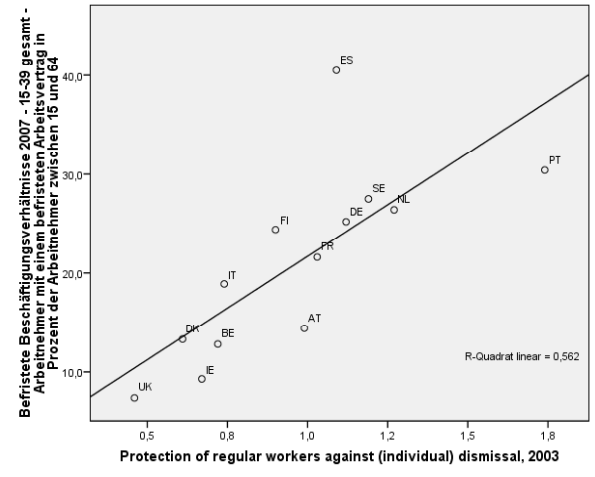
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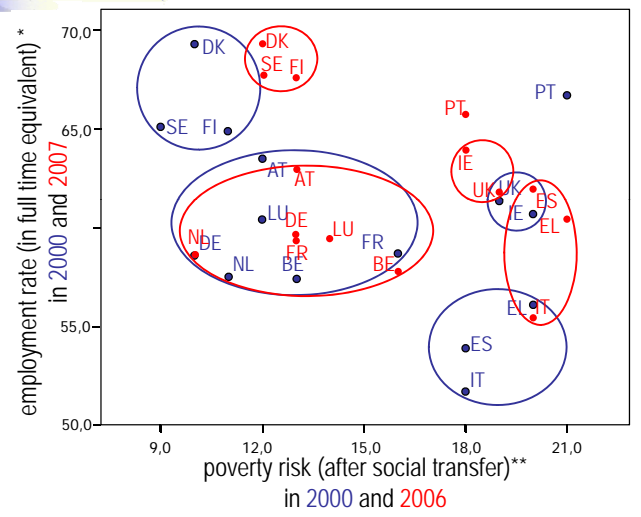
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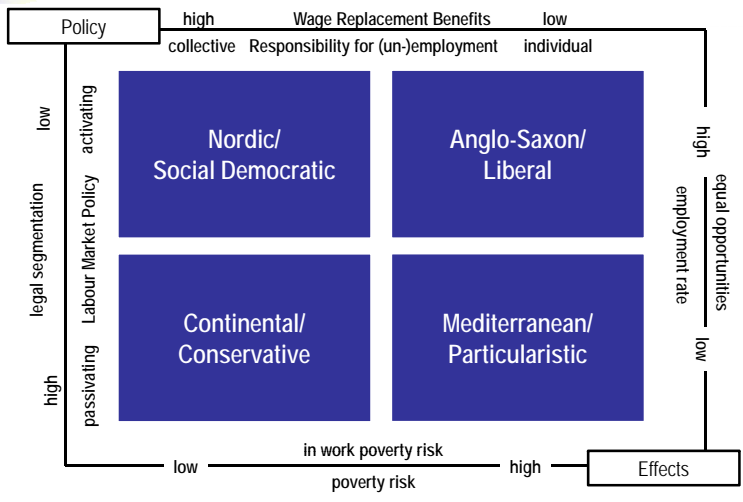
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Converging Divergences, or diverging Convergences?



Employment regimes in Western Europe - but Model of CEE countries remains unclear



Jonathan Zeitlin

- OMC just an extreme example of broader methodological problems assessing the causal impact of Europeanization research and institutional change in general.
 - asks for a combination of research strategies
- consider OMC in terms of a two-way interaction rather than one-way causal impact
 - uploading and downloading
- relevance of research on Europeanization for future design of Lisbon architecture
- proposed new Post-2010 Lisbon architecture
 - overarching umbrella of Lisbon strategy
 - ‘underneath’ social, employment, environmental, economic OMCs

- Questions validity of different regimes
 - ungrounded statism in UK and
 - ungrounded anti-statism and localism in F
- different kinds of reform in different contexts
 - proposed typology by investment and efficiency
 - EES aims to integrate high-investment and high-efficiency regimes?

- development of a coherent overall design of the study
 - argue why that is so
 - respond to the inherent problems of attributing changes to Europe (of all institutional analysis)
- respond to the threat of ecological fallacy
 - if only on the makro level or quantitative
 - to assume 'if they do something similar to what Brussels want (*sic!*), they must be doing it because of Brussels' (Radaelli/Pasquier 2007: 40)
 - reconstruction on the micro/ meso level:
 - actor centred (Coleman 1991)
 - 'The usage of Europeanization'
 - (Sophie Jacquot/Cornelia Woll 2003)

- qualitative case study:
 - if looking on the mechanisms of reflexive constitution of European resources
 - but in order to ,test' hypotheses comparative design or choosing particular ,crucial' cases
- theoretically grounded case selection
 - be clear about the rational
 - ,most-similar' or ,most different'
 - are you looking for similarities or differences?
- be clear about your structure

- The definition of the EU flexicurity model
 - example for the production of legitimate, justified and administrative engagement of the EU level
 - political usage of scientific expertise → legitimization
 - mimicking of instruments and policy analysis → justification
 - benchmarking exercises as dispositive → creation of epistemic communities, new power distribution
 - **Europeanization has a cognitive, normative and strategic component**
 - leaves enough leeway for domestic re-interpretation
 - can be adapted (appropriated) to different welfare regimes
 - **The commission as skilled actor** (institutional entrepreneur)
 - "(I)f the OMC creates any effects on national systems, it is not because of its constraining character (...), but rather because of its **capacity to articulate different registers of political domination**. These idioms of contemporary power are translated and transferred by Europeanised epistemic communities (...). Through (...) mediating processes sustained by these epistemic communities, the instruments (...) influence difficult welfare reforms implemented at the national level. **Rather than creating constraints, the OMC constructs a political need** as well as it **offers policy perspectives** that allow (... national actors) to propose new solutions to answer these needs." (S. 10)

- Seen in this perspective, the recent expansion of soft regulation in the EU in the form of the so called Open Method of Coordination (OMC) can be seen as a sign that the integration project has reached a phase where not only the core areas of the welfare state are directly affected (...), touching upon the very heart of national sovereignty, but also where increasingly dense cooperation exerts an increasingly powerful social and moral pressure on (elite) actors, politicians and civil servants, to adapt to a common framework. (Jacobsson 2004b: 356)

- Is there a link between the implementation of the EES and Member States' employment performance?
 - She shows that there is a close correlation between
 - the compliance with EES' guidelines/indicators
 - ALMP spending, child care, high exit age and early new start
 - and employment performance
 - but this – as the author herself mentions in her conclusion – also is a good example for the problems connected with measuring the effects of Europeanization (threat of ecological fallacy).
 - Maybe quantitative studies are not able to cover this aspect of Europeanization.
 - Proofs the success of Nordic countries in uploading their employment concepts and the problems for other countries to implement these as 'blueprint' model.
- persistent division of four European employment regimes.

- she draws on a combination of a qualitative and quantitative approach developing her own indicators, accounting for the scope **and** quality of activation in three countries (D, GB, DK).
- Makes out two rivaling goals of activation
 - bringing individuals into work
 - reducing disincentives to work
- institutionalized (quasi solution) differs in terms of
 - individual or collective responsibility for (un-)employment
 - targeting individual action or activity provisions
- The author assesses 'diverging convergencies'
 - different paths to institutional activation
 - actors make use of European resources within domestic contexts

→ Move towards more coercion in all three countries but very different routes and outcomes.

- also compares activating and enabling policies
 - but within one country.
 - In distinguishing 'production-oriented' and 'investment-oriented' strategies of firms the author shows, that
 - the form activation measures take on crucially depends on how actors use and interpret them in the everyday social practice rather than on their legal purpose.

→ Need to be very careful in international comparison of employment regimes. Not take law literally but study how actors make use of this resource!

 - What strategies, intentions, interpretations of actors are associated to this?

Karolina Sztandar-Sztanderska Everyday Life of Europeanization

- not to take “legal possibilities for real practices” (p. 6)
- Her analysis of activation in PES in Poland starts with a puzzle
 - general hypothesis was that poor performance of Polish PES was due to lacking financial and organisational capacities.
- 1. So what happens when ESF grants (financial) resources?
 - problems became even more severe
 - particularly challenging in districts with good labour market situation.
- 2. How to make sense of the ‘dead-letter-world’ in CEEs?
 - Interesting approach: take daily practice seriously and don’t treat it as deviant from an imagined ‘best practice model’.
 - New resources are adopted to old practices within PES and Employers.
 - Use of ESF was re-interpreted in Poland
 - ESF is over-centralised and subject to institutional rigidity instead of regional and flexible.
 - but some PES ‘make use of their creativity’ and find ‘enough room to manoeuvre’
- Need to “reintroduce institutional approach that focus(es) on uses of institutions instead of institutions per se.” (p. 14)

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Milena Kremakova

- analyzed EU-related post-communist changes in the field of employment comparing different modes of Europeanization within one country, within one – rather exotic – sector.
 - elaborate most-similar design approach
- using a capability approach
 - EU-incentives (ESF) is not only about creating individual capabilities (employability) but also organizational capabilities
- superficial Europeanization (world of dead letter, Falkner et al. 2005, 2008)
 - EU as reference point/ justification of national reforms (even when not directly linked to EU)
- EU creating change in local practices
 - (un-)creative use of European resources by domestic actors according to their pre-existing, national understanding.
 - but also actors fear more responsibility
- Decentralization tools of EU used for more centralization leaving too little task discretion for local actors.
 - in order to ‘order’ the reforms and practices after the dynamics of transformation
- reproduction of centralized bureaucratic practices by domestic interpretation
- reproduction of domestic ‘images’ (cognitive institutions) of PES

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Sebastian Künzel

- analyzes the fundamental reorganization of social welfare and unemployment assistance in Germany
 - decentralization (also) due to European lessons?
 - How do local actors cope with need of integrated employment and social policy approach?
 - What organizational strategies do they develop?
 - broad empirical evidence.
 - While three of his cases face severe problems in their staff-, instrumental- and steering policy/ capabilities one actor is much more successful.
- (open question) Why are some actors more successful than others?

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Markku Sippola

- ‘hard’ law faces the same problems and is subject to domestic interpretation just as so called ‘soft’ law
 - contrasts use of works councils and unions involvement in Baltic subsidies of Nordic (Swedish and Finnish) firms.
 - works councils used to undermine the status of trade unions
 - “European directives are appropriated in the national context in a way they have different and varying effects to their original purpose.” (p. 1)
 - “Nordic firms in the Baltic manufacturing sector are more likely to use ad-hoc strategies rather than the one-to-one model transfer or hybridisation of country-of-origin and host country practice”. (p.3)

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- shows that 'Europeanization' does not necessarily mean 'EU-inization'
- refers to the international dimension of Europeanization
 - (cf. 'Americanization')
 - historically evolved European institutions can also be used as (discursive) resource in other world-regions
 - but: need to adopt them to the local context!

- compares the politics of social concertation in Germany and the Netherlands
 - contrasts three modes of coordination
 - hierarchy (bureaucracy/state)
 - exchange (market)
 - cooperation (civil society)
- H0: It depends foremost on the interests of the actors what mode emerges within tripartite negotiations.
 - in Germany the dominant mode of coordination was bargaining due to diffuse interest of member organizations. NO consensus on paradigms and interest.
 - in the Netherlands concertation was possible (why?)
- open question: role of institutional legacy?

Reintroducing Agency to Neo-Institutionalism

MAKING (THEORETICAL) SENSE OF EUROPEANIZATION

main assumptions

- no reason to expect direct 'top-down' Europeanization+
 - OMC: but individual actors may learn (Zeitlin/Sabel 2005)
 - epistemic community (Jacobsson/Vifell 2007, Jacobsson 2004)
 - but many national actors involved in formulating employment policy
 → domestic institutions 'filter' the creative appropriation of EU resources
- Europeanization as dialectics of institutional closure and institutional opening
 - two-sided process
 - interplay of European and domestic arenas
 - European level
 - closure of an emergent, genuine, organizational field
 - domestic level
 - the opening of domestic fields

- Processes of (a) construction, (b) diffusion, and (c) institutionalisation of formal and informal rules, procedures, policy paradigms, styles, 'ways of doing things', and shared beliefs and norms
 - which are first defined and consolidated in the making of EU public policy and politics
 - and then incorporated in the logic of domestic discourse, identities, political structures, and public policies. (Radaelli 2003a: 30).

- Europeanization affects these domestic structures (directly or indirectly) because collective and individual actors (...) have from now access to political resources external to the nation-state. (Radaelli/Pasquier 2007: 42)
- They frame the kinds of interests and resources which actors can mobilize in favour of, or against, welfare reforms. In part, they also determine who can and who cannot participate in the political game leading to reforms. Depending on how these different variables are set, different patterns of support and opposition are likely to be encountered. (Palier/Martin 2007: 544)

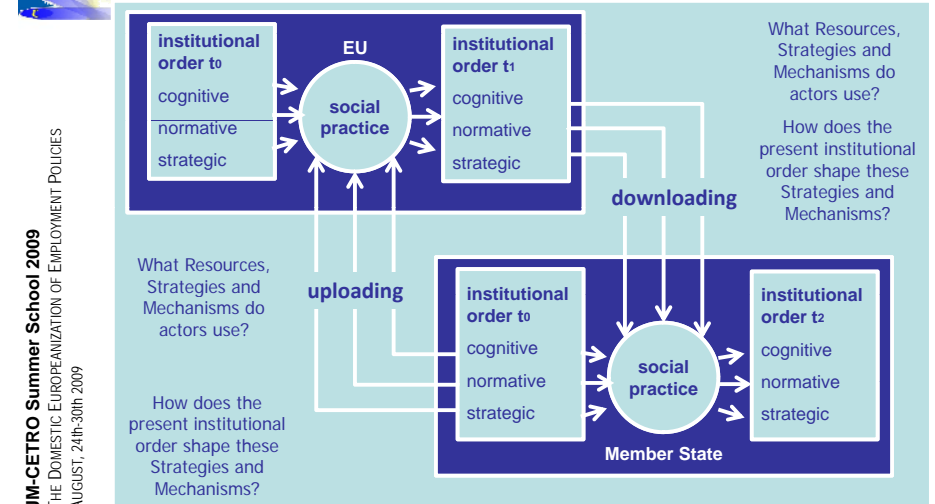
- European policy is an arena
 - within which institutions (organizations, SZ) battle for influence, drawing from resources that they enjoy in the domestic arena and aiming to attain a similar or better position. (Kassim 2000: 253f)
- "emergence and development at the European level"
 - of distinct structures of governance, that is, of political, legal, and social institutions associated with the problem solving that formalize interactions among the actors, and of policy networks specializing in the creation of authoritative European rules" (Risse et al. 2001: 3).

- European institutions "become a reference point in domestic political action" (Radaelli/Pasquier 2007: 37).
 - European organizations and rules are increasingly taken for granted and structure the behavior of national actors. (Vink/Graziano 2007: 14)
 - "incremental process re-orienting the direction and shape of politics to the degree that EU political and economic dynamics become part of the organisational logic of national politics and policy-making" (Ladrech 1994: 70).
 - Since EU institutions or policies provide (...) new resources to national actors, the national political domain needs to be investigated in a broad sense to properly understand the dynamics of change caused by Europeanization. (Vink/Graziano 2007: 11)

duality of structure from neo-institutionalist perspective

- Question for the basic mechanisms responsible for
 - processes of institutional closure (European level)
 - and institutional change (domestic level)
- the impacts of 'Europe' can only be answered by a concept of institutional change that allows to combine
 - structure and agency, institutional order and rationally-oriented (but not intentional in their outcomes) strategies
- therefore complementing historical institutionalism by
 - structure changing impact of rationally-oriented, but institutionally-pre-structured agency

Uploading and Downloading



The duality of institutional structure



- in these field socially skilled actors (institutional entrepreneurs) seek to dominate
- the definition of common goals
 - the socially accepted, 'right' -if not the only- way of doing things
 - and therefore increase their relevant (organizational) capacity
- in doing so, they depend on the institutionalized opportunity structure

Three dimensions/connnotations of institutions

- analytically we may distinguish three dimensions of institutions and institutional change
 - (Scott 2001, March/Olsen 1984: 743f, Giddens 1984: 29)
 - changes of the perceived problems (cognitive)
 - changes of the socially accepted alternatives to solve these problems (normative)
 - social, non-legal (formal and informal) and legal (law) rules
 - that define the appropriate way of doing things implicitly or explicitly
 - changes in actor constellations (strategic)
 - change of solidified patterns of cooperation, coordination and conflict within an organizational field

Organizational Fields

- Organizations form coalitions to pursue their goals
 - in doing so constitute an organizational field
 - increasingly orient their actions towards each other.
 - (DiMaggio/Powell 1991)
- organisational fields are
 - a distinct arena of social practice
 - in which a delimitable/ nameable number of organisations
 - interacts on the basis of a shared set of institutions
 - an thereby reproduce the specific institutional order
 - on which they build their actions
 - and thereby reproduce them in a non-identical way.
- assumption
 - each field is characterized by a dominant actor or coalition, towards which the other actors ascribe and expect a particular relevance for the joint mission.

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institutional change and the institutionalization of a new field

- institutions are considered of as solidified structures
 - that pre-structure the practice in an organizational field.
- Practice of organizational fields
 - (re-)produces the institutions in a non-identical way.
- inherent need for coalition
 - the need of cooperation constitutes a field (and power relations) (micro-politics Crozier/Friedberg 1979)
 - change projects depend on the responsiveness/ connectivity to previous institutions and institutionalized practices.
- instead of ‚punctuated equilibrium‘ und ‚critical junctures‘
 - enduring recombination of ‘old’ and ‘new’ practices and (re-) creation of institutions (Streeck/Thelen 2005)

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the inherent momentum of innovation in field-endogenous reproduction

- Three strategies/mechanisms of institutional change
 - actors have to proof their relevance (normative level)
 - in proposing effective solutions to the constitutive problem
 - can improve their organizational capacity to do so (strategic)
 - and/or try to re-define the constitutive problem in a way so they have particular capacities to solve this problem (cognitive)
- actors therefore try to construct institutions and organizational capacities from neighbouring fields as a relevant resource in this practice
- Europeanization is therefore no intentional process
 - but rather an ‘unintended consequence of intentional action’
 - however, this is true for most institutional change.

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institutional entrepreneurs

- to pursue these strategies actors try to introduce new resources from neighboring fields
- institutional entrepreneurs as skilled actors (active strategy) (Fligstein 2001, DiMaggio 1988, Eisenstadt 1968)
 - use institutional structure as resource
- ‘Europe’ ins constituted as additional resources
 - to the extent that this is considered ‘legitimate’ by other actors

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the implications of a structuration approach

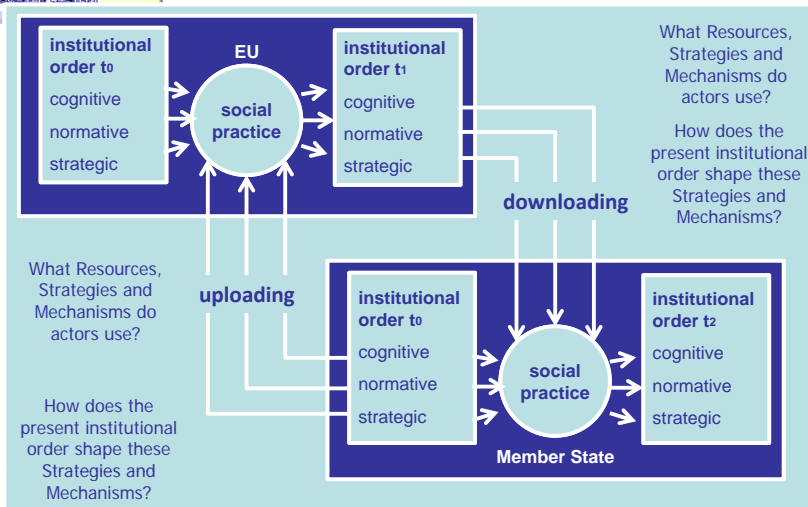
- connotation to rational-choice is misleading
 - field-endogenous construction of resources
 - in actors – within a given organisational context – reflexively referring to these ‘resources’ and thus appropriating them to the institutional order
 - degree of intentionality
 - reflexive does not imply intentional! but refers to a practice which is institutionalized in normative and cognitive schemata and settled in the practical (pre-discursive) consciousness of actors.

The duality of institutional structure



- in these field socially skilled actors (institutional entrepreneurs) seek to dominate
- the definition of common goals
 - the socially accepted, ‘right’ –if not the only- way of doing things
 - and therefore increase their relevant (organizational) capacity
 - **in doing so, they depend on the institutionalized opportunity structure**

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expectations and promising research questions

- three expectations
 - path-dependent constitution of a European field (Hélène)
 - path-dependent modernization of domestic employment regimes (other papers)
 - but this Europeanization of domestic arenas
 - is mediated by the institutionalized cognitive, normative and strategic patterns within the domestic organizational field. Therefore we expect national differences.
- research questions: What are the mechanisms responsible for
 - the processes of institutional closure on the European level
 - and the constitution of a particular European institution as a relevant resource for domestic actors.
 - How to explain the differences in the mechanisms that are successful in different countries.

EXAMPLE MY FINDINGS FOR GERMANY, FRANCE AND ITALY (BRIEFLY)

The puzzle of labor market reforms between 2000-2005

| | biggest challenges | reforms | major reform areas |
|---------|---|--|---|
| Germany | exclusion of -low qualified -women -older workers | Job-AQTIV (2001) HARTZ I-IV (2003-2005) | - activation -reform of PES -focus on employability -rights and duties for jobseekers |
| France | exclusion of -young people -migrants/ ethnic groups -low qualified -particularly in combination | Plan Cohesion Social (2004) | - fight risk of in-work-poverty - subsidizing employment - streamlining active LMP insertion schemes - as means of social cohesion |
| Italy | exclusion of -women -young people -older workers -immigrants/ ethnic minorities -low qualified -regional disparities -social security | legge Biagi (2002-2004) | a) flexibility introducing a broad variety of precarious work contracts for fringe groups -as means of insertion and combating undeclared work b) activation? completely regionalizing LMP c) disregarding social security pillar, particularly for (a) |

dominant impact

| EES resources | Germany | France | Italy |
|-----------------|--|---|--|
| ideas, concepts | re-orientation of LMP towards activation | persistence of 'flexicurité à la française' | little overall realization of exigency to reform LMP |
| LMP schemes | many implementation failures due to domestic veto-players and institutional 'misfit' | improving LMP schemes | 'cherry picking', broad regional variety, 'flexibilization' at the margins |
| power relations | strengthening coordinating role of LM department | strengthening inter-ministerial co-ordination body SGAE | enabling regional LMP and PES |

traditional coordination patterns

| | Germany | France | Italy |
|-------------------|---|---|---|
| inter-ministerial | horizontal, on the division level 'hierarchy by exception' | hierarchical, by specialized coordination body | fragmented 'failure of coordination' (Della Cananea 2000) |
| regions | 'cooperative federalism', -shared competences - horizontal and vertical -coordination -vertical brotherhoods' | centralist-unitarian - little competences - little coordination -(recently changing → Daniel, Sebastian) | regionalistic - many responsibilities - little coordination |
| social partners | cooperative tripartite industrial relations - strong ex-ante reconciliation on the working-level | etatistic - (comparatively) little competences - little coordination | particularistic and conflictive - many competences - failure of tripartite coordination |

- Does the domestic organization of the EES reflect these patterns?
- Did this influence reform outcomes?
- Did the EES influence domestic power/coordination structure?

comparing the role of institutional entrepreneurs and reform paths

| | Germany | France | Italy |
|----------------------------|---|---|--|
| institutional entrepreneur | working-level division 'international LMP and encouraging job-take-up' | SGAE and DGEFP competing | a) (economic) academic experts b) northern/central regions |
| major reform | preventive and activating LMP | streamlining active LMP schemes (subsidized work contracts) | a) flexibility/adaptability at the margins b) regionalization of PES |
| effect on power structure | - reduction of veto-positions (municipalities) - stronger position of LMP department | potential of better steering and programming capacity of prime minister | a) potential of improved expertise within the ministry by partially incorporating academic experts b) strengthening particularly northern regions while leaving the south to EU |

Conclusion

- the use of EES by domestic institutional entrepreneurs can contribute to explain reform paths
- EES has provided an important resource for actors advocating reforms in the three countries
- EES was largely organized according to pre-existing coordination patterns
- contrary to hopes of some authors (Sabel/Zeitlin 2007 and Eberlein/Kerwer 2004) I could not find major signs of opening the domestic arena to new actors
- but rather indications for a 'Matthew-effect' 'He that has plenty shall have more'