One Stop? Joining Up Employment Assistance and Benefit Administration in Britain and Germany

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Abstract

Throughout the European Union welfare state regimes are undergoing a paradigm shift that involves a redefinition of the rights and responsibilities of people of working age who rely on the benefit system. Governments in Britain and Germany have prioritised ‘welfare reform’ and aim to reduce levels of worklessness by integrating employment assistance and ‘make work pay’ fiscal and benefit policies with major organisational change. In both countries ‘activated’ benefit regimes are being introduced alongside radical changes in the national bureaucracies and front line offices that deliver and administer benefit payments and labour market programmes. This paper assesses each country’s strategy and the challenges faced as the rhetoric of reform is translated into the front line experience. It draws on the findings from a project funded by the Anglo German Foundation that involved elite interviews with national ‘stakeholders’ and comparative case studies of four cities.
Introduction

In Britain and Germany the Welfare State for working age people without jobs is undergoing radical change. This involves both a redefinition of individual rights and responsibilities and a transformation of the bureaucracies that deliver front line employment assistance, administer benefit payments and organise labour market programmes. In Britain all working age adults who claim state benefits are now expected to engage actively with employment assistance delivered by Jobcentre Plus, a new agency that brings together the work of the Employment Service (ES) and Benefits Agency (BA). In Germany the aim is to activate the benefit system through a new principle of ‘active supporting and demanding’ (Fördern und Fordern). This involves integrating the delivery of employment assistance to unemployed people by restructuring the relationship between the Federal Employment Service (FES) and municipalities, and by ‘merging’ the two benefits which these two organisations used to administer into one new benefit for working age people who are able to work and have no contribution-based claim to unemployment benefit.

In both countries ‘welfare to work’ reforms are key elements of public sector modernisation strategies that aim to ‘activate’ the unemployed, ‘make work pay’, and create more flexible labour markets. These strategies pose major challenges for the public employment service (PES) and in each country the Government is ‘reinventing’ these bureaucracies as they ‘steer’ their respective systems to deliver new objectives. The relationships between Government Departments and Agencies are being redefined, new management and target systems are being introduced, organisational change is being promoted and competitive pressure is being applied by contracting out with the private sector. In this process, the roles and responsibilities of staff and their relationships with individual claimants are being redefined through revised job descriptions, target regimes and changes in the structure of offices and the use of new technologies. Front line officials are expected to implement new activation and job search obligations on those receiving benefits and act as the ‘gateway’ to cash benefits, services and programmes.

This change in part reflects greater policy interest in both Germany and the UK in the job search effort and motivation of the unemployed, and a greater understanding of how these factors impact on durations of unemployment (White et al, 1994). The level of benefit payments, ‘reservation wages’ and work disincentives have been much researched and evidence reviews have concluded that ‘the influence of replacement ratios in neither large nor negligible’ (Blien et al, 2002, p. 12). The debate has, however, moved beyond economist arguments about the ‘unemployment trap’ with greater attention given to the ‘activation’ of the unemployed and the role of the PES (OECD, 2000). The importance of labour demand and macro economic management are not in question, but this paper is not directly concerned with the many complex causes of unemployment. The focus instead is how effectively does employment assistance and the organisation of the PES assist unemployed people get the jobs that most say they want and that Governments are requiring them to search for?

Policy Transfer

The reform of the PES has in both countries been underpinned by a conscious strategy of policy transfer where officials and policy makers have looked to learn lessons from
best international practice. The British approach to ‘welfare reform’ has been influenced by over a decade of policy exchange with and learning from the USA, Australia, Sweden and Denmark (Dolowitz, 1998; Finn, 2003). It was shaped also by the 1994 OECD ‘Jobs Strategy’ that reviewed evaluation evidence and recommended that member states take three steps to ‘improve the functioning of the PES’. These included (OECD, 2000):

- integrating the three functions of the PES (placement and counselling; payment of unemployment benefits; and management of labour market programmes);
- ensuring ‘that claimants remain in regular contact with the PES and that they maintain job search efforts’; and
- eliminating the monopoly that the PES enjoyed in many countries over job placement.

The comparative success of the British ‘welfare to work’ strategy appears evident in significant reductions in long term unemployment, with currently the highest employment rate and lowest unemployment rate in the ‘G7’ (HMT and DWP, 2003, Chart 2.1).¹

Until the late 1990s there was little incentive for German policy makers to look to a British policy model that was popularly perceived as being a threat to the German system of social protection. This changed after the election of social democratic Governments in each country when both Tony Blair and Gerhard Schroeder linked their ‘Third Way’ and ‘New Middle’ (‘Die Neue Mitte’) reform programmes (1999). Both leaders were committed to the creation of a more ‘active’ welfare state that would ‘transform the safety net of entitlements into a springboard to personal responsibility’ and outlined a strategy ‘to strengthen our policies by benchmarking our experiences in Britain and Germany’. Indeed in the recent German debate Britain has been identified as a ‘world leader’ in PES reform and German Ministers and officials have actively promoted the British system as a significant ‘benchmark’ from which they can learn.

This paper draws on the findings from a one year project that explored the new welfare to work regimes being introduced in Britain and Germany. We would like to express our gratitude to the Anglo-German Foundation for funding this project.

Background

There are significant differences in the populations, systems of governance and labour markets of Britain and Germany. Each country represents two very different types of welfare regimes (see, for example, Esping-Andersen, 1996; Bonoli, 1997; Gallie and Paugam, 2000). Germany is seen to typify a ‘conservative’, ‘corporatist’ or ‘employment centred’ continental European model with a strong social insurance system and highly regulated labour market. Britain is seen to typify an ‘Anglo’ residualist liberal welfare state with a weak national insurance system and more lightly regulated labour market. One consequence of this difference is that social security contributions for employees and employers are much lower in Britain than in Germany. Other key characteristics of the British labour market include its diversity

¹ The ‘G7’ are the UK, Germany, France, Italy, Japan, Canada and the USA.
of job characteristics with a wide range of types and patterns of employment and, over the past ten years, steady employment growth (Wells, 2000).

The German labour market is very different. It has major strengths and its labour force is still the most productive in Europe. Germany has, however, a significantly higher unemployment and lower economic activity rate than the UK. Table 1 illustrates some of the differences between both countries showing that over the past decade unemployment and long term unemployment have increased in Germany but fallen in the UK.

There are many factors that explain the differences between both countries. One feature that has attracted increased attention has been the in the organisation of the PES, the job search responsibilities of the unemployed, and the front line delivery of employment assistance.

**Figure 1: Key Employment Indicators, 1992 and 2002: Germany and the UK**

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<tr>
<td>Total population (000)</td>
<td>79464</td>
<td>81574</td>
<td>56919</td>
<td>59037</td>
</tr>
<tr>
<td>Population aged 15-64</td>
<td>54486</td>
<td>54875</td>
<td>37216</td>
<td>39009</td>
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<tr>
<td>Total employment (000)</td>
<td>37878</td>
<td>38687</td>
<td>26978</td>
<td>29535</td>
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<tr>
<td>Population in employment aged 15-64</td>
<td>36161</td>
<td>35851</td>
<td>25275</td>
<td>27961</td>
</tr>
<tr>
<td>Employment rate (% pop. Aged 15-64)</td>
<td>66.4</td>
<td>65.3</td>
<td>67.9</td>
<td>71.7</td>
</tr>
<tr>
<td>FTE employment rate (% pop. aged 15-64)</td>
<td>62.0</td>
<td>58.1</td>
<td>59.3</td>
<td>62.1</td>
</tr>
<tr>
<td>Self employed (% of total)</td>
<td>9.6</td>
<td>10.6</td>
<td>12.8</td>
<td>11.5</td>
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<tr>
<td>Part-time employment (% total employment)</td>
<td>14.5</td>
<td>21.4</td>
<td>22.9</td>
<td>24.9</td>
</tr>
<tr>
<td>Fixed term contracts (% total employment)</td>
<td>10.5</td>
<td>11.9</td>
<td>5.9</td>
<td>6.3</td>
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<tr>
<td>Employment in Services (% total employment)</td>
<td>61.2</td>
<td>69.7</td>
<td>75.0</td>
<td>80.0</td>
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<td>Employment in Industry (% total employment)</td>
<td>35.3</td>
<td>27.9</td>
<td>23.7</td>
<td>19.0</td>
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<tr>
<td>Employment in Agriculture (% total employment)</td>
<td>3.5</td>
<td>2.5</td>
<td>1.4</td>
<td>0.9</td>
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<tr>
<td>Activity rate (% pop. Aged 15-64)</td>
<td>71.0</td>
<td>71.5</td>
<td>75.7</td>
<td>75.6</td>
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<tr>
<td>Total unemployment (000)</td>
<td>2510</td>
<td>3396</td>
<td>2787</td>
<td>1533</td>
</tr>
<tr>
<td>Unemployment rate (% labour force 15+)</td>
<td>6.4</td>
<td>8.6</td>
<td>9.8</td>
<td>5.1</td>
</tr>
<tr>
<td>Long term unemployment rate (% labour force)</td>
<td>2.2</td>
<td>4.0</td>
<td>3.6</td>
<td>1.1</td>
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**Employment Assistance in Britain and the ‘Employment First Welfare State’**

The British employment assistance system has changed fundamentally. In the 1980s successive Conservative Governments redesigned the benefit system and increased the pressure on unemployed people to both search for and take available jobs. This culminated in the introduction of a new Jobseekers Allowance (JSA) in 1996 that replaced unemployment benefits. The new benefit is made up of a residual flat rate
contribution benefit that lasts for up to 6 months, but for most unemployed people it consists of a means tested benefit equivalent to the safety net Income Support (IS) payments made to all British citizens who would otherwise face hardship. JSA recipients must agree to search for suitable and available work and participate in employment programmes when required to do so.

The aim of what became called the ‘stricter benefit regime’ was to stimulate individual job search so that unemployed people would themselves seek out relevant vacancies. Regular administrative interventions were designed to counteract disincentives to find work, especially ‘duration dependency’, the ‘natural tendency for morale and job search to flag the longer a person is unemployed’ (Wells, 2000, p. 247). There was evidence that the new job search requirements had both an immediate and longer term impact. The introduction of mandatory Restart interviews after each six months unemployment in 1986 reduced the unemployment count by 8.5 per cent and the introduction of JSA was estimated to have reduced the claimant count by between 100,000 and 200,000, partly due to tighter eligibility rules but also because it had, according to one Government evaluation, flushed out ‘significant numbers of employed and inactive claimants from the count’ (Sweeney and McMahon, 1998: 201). Evaluation evidence, using matched control groups revealed that over a longer time frame the new benefit regime did stimulate active job search and was more effective at linking some unemployed people with job opportunities (Wells, 2000; Smith et al., 2000).

There has, however, been much controversy about other consequences of the new regime, especially the perverse impact that some performance targets had on the behaviour of managers and staff. Sanctions increased, some of the long term unemployed were ‘churned’ through programmes, others were placed in short term jobs, and many of the older long term unemployed were transferred to disability benefits or encouraged to take early retirement.

Such criticisms were articulated by New Labour as it started to develop a very different approach to unemployment and social exclusion. The then Opposition leadership welcomed the fall in unemployment but stressed that this masked the emergence of deep-seated problems. In particular, inter-generational unemployment continued to blight many disadvantaged areas and, in one in five UK households, nobody of working age had a job. Economic activity rates were static and had fallen for older men. By 1996 nearly a million lone parents, mainly women, were dependent on state benefits and the number of men receiving incapacity or long term sickness benefits had doubled in a decade to over 1.7 million (Gregg and Wadsworth, 1999). Unlike the unemployed, most of the individuals of working age receiving other benefits had little contact with services and were likely to remain dependent for long periods of time.

The Labour Government elected in 1997, in its turn, introduced radical changes in the benefit and employment assistance system. The new Government rapidly introduced a ‘New Deal’ employment programme for the young unemployed, followed by six other New Deal programmes for, amongst others, long term unemployed adults, unemployed people aged over 50 and lone parents. These employment assistance interventions were linked with broader policies to ‘make work pay’ and reduce child poverty. Within five years unemployment fell to below a million, and long term
unemployment fell as rapidly. It was in this context of ‘full employment’ that the Government, in the words of one national respondent, embarked on a ‘second wave of welfare reform’. The aim is to create an ‘employment first’ Welfare State. This will provide employment assistance and benefit payments to all ‘workless’ adults including the five million who receive what are called ‘inactive benefits’ (that is, benefits that have no work requirement attached to them).

A new Jobcentre Plus Agency was introduced in October 2001 and throughout GB new offices and working methods are being ‘rolled out’ to create a national network of integrated Jobcentres by 2006. In the course of this process, the Pension Service is spun off as a separate agency, while the remainder of the Benefits Agencies (BA) is merging into Jobcentres Plus. All working age adults who claim benefits will have to turn to Jobcentre Plus, where they will have to attend employment assistance interviews. At the same time major changes are being made to the centralised New Deal employment programmes that were delivered in the first wave of welfare reform. These programmes contributed to reductions in unemployment but it has proved far more difficult to provide effective assistance to the ‘most disadvantaged’, to black and ethnic minority communities and to the most deprived localities. In response the new Jobcentres are to be given far more discretion to tailor their services to local circumstances (DWP, 2004).

Jobcentre Plus is at the forefront of the modernisation of the British public sector, and the overall ‘roll out’ investment programme is expected to cost over £2 billion. By 2008 it is planned that Jobcentre Plus will be made up of 1000 integrated front line offices and 25 ‘contact call centres’. Benefits will be handled in 100 ‘benefit centres of excellence’ that will process 1.5 million ‘complex benefit claims’ (about 30 per cent of the total). The other claims will be handled by local offices and call centres. Staff numbers are planned to fall to 70,000 by 2006, a reduction of over 20 per cent. The aim, according to key respondents interviewed, is to make extensive use of computers, call centres, telephones and on line technologies to free staff to deliver employment advice rather than process benefits.

All the national respondents interviewed acknowledged the formidable challenge that existed in translating the Government’s evolving strategy into effective local delivery. In the words of one ‘this is the largest institutional merger within the time frame seen’; for another ‘the sheer scale, complexity and pace of change’ is unparalleled. It put ‘Jobcentre Plus at the cutting edge of public sector reform .. and that can be an uncomfortable place!’ . This is likely to be more so following the Government’s announcement that in addition to staff reductions Jobcentre Plus will, in the spending period 2005-08, be expected to deliver with reduced budgets.

**German Employment Assistance**

In contrast with the highly centralised British state the German system of governance is more complex and is reflected in the three levels of Government through which labour market policies are developed, the three types of benefits paid to the unemployed until the end of 2004, and the two different institutions that have been responsible for the payment of benefits to working age unemployed people. The Federal Employment Service (FES – Bundesanstalt [now Bundesagentur] für Arbeit), has been the central body in charge of the contribution based unemployment.
insurance system and responsible for paying Unemployment Benefit (UB) to therecently unemployed as well as tax-funded, means-tested but still wage related Unemployment Assistance (UA) to those who have exhausted their UB entitlement.

There is a separate system of flat-rate Social Assistance (SA) (‘Sozialhilfe’) which works as a basic safety net also for those working age individuals who are ineligible for UB or UA, or who need additional support (for example, previously low income earners with large families). The most significant characteristic of SA is that until 2005 it had been paid for and administered by municipalities even for working age and able-to-work claimants who neither qualified for UB nor for UA which had become an exclusive follow-on benefit to UB. This division of responsibilities has created a complex relationship between the two systems with an increasing group of unemployed people being required to deal with two separate systems, and with neither system being fully responsible for those receiving payments from two sources. In 2002 it was estimated that there were about 900,000 people of working age and able to work receiving SA, of whom 270,000 were also receiving UA. These numbers which played an important role in justifying the reforms currently under way must be weighed against total ILO unemployment figures of 3.4 million in that year.

In post-war West Germany, by contrast to Britain and many continental European countries, labour-market related counselling, the payment of benefits, and job placement with its inherent work test, have always been integrated within the FES, as far as UB and UA claimants were concerned. The direct administrative links which other countries had to establish in the course of ‘activation’ reforms were always there, and availability for suitable work has always been a legal requirement for receiving unemployment benefits. The work test has also been a feature of the SA system and employable recipients have been expected to look for suitable work and participate in employment programmes when directed to do so. In fact the ‘work test’ is theoretically harsher than in GB, particularly in relation to lone parents (who make up a quarter of SA recipients). Notwithstanding these provisions the implementation of job search requirements and of the work test has been weak at both local employment office and municipality levels.

The main burden of placement work, as well as advice for the unemployed and contact with employers, lies with a network of 181 local FES employment offices with 660 branches. These offices cover districts of very different size according to population density and often include several municipal districts. Successive reforms aimed at increasing the level of contact between the FES and the unemployed have rarely been implemented because of high caseloads and bureaucratic overload.

Municipalities have generally referred their employable SA recipients to their local FES for assistance with job search. However, as unemployment increased municipalities in high unemployment areas developed job creation programmes. These provided ‘socially useful’ employment but those that paid wages had the advantage also of helping the participant qualify for UB and subsequent UA, thereby shifting responsibility for future benefit entitlement onto the social insurance fund or the Federal Government. By the late 1990s many municipalities had also begun to implement ‘work for benefit’ programmes as a way of testing willingness to work (Voges et al, 2000).
FES offices themselves had little incentive to work with those who were the responsibility of the municipalities. Indeed the FES often restricted access to its labour market programmes to unemployed people who had been in receipt of contributory benefits. In the mid-1990s there was little evidence of joint funding or cooperation between local FES offices and social assistance offices (Claasen, 1996, p. 13).

**On the threshold of fundamental reform**

In Germany increased unemployment in the 1980s was initially tackled through traditional Keynesian policies and extensive training and job creation programmes were introduced. This kind policies was greatly expanded in the early 1990s in order to cope with the economic aftermath of unification (Bosch and Knuth 1993). By the late 1990s, however, ‘the German recipe for success – relying on technological innovation with a well trained labour force – (was) no longer working as well as it did in the past’ (Blien et al, 2002, p. 4). High industrial productivity and high shares in the world market for ‘medium-tech’ manufacturing goods delayed Germany’s transition from an industrial to a service economy and the collapse of the Eastern economy after 1990 was soon followed by further structural changes that intensified the unemployment problems being experienced in the West. These processes put intense pressures on the contribution-based social insurance system, the FES and municipalities that had to provide for a growing number of the unemployed.

Successful German Governments introduced labour market programmes and reforms aimed at creating greater labour market flexibility and making the large array of active labour market instruments more effective but with limited success. At the end of the 1990s econometric evidence showed that large scale employment and training programmes, which provided places for up to 30% of the unemployed, had low net impacts. Subsequent research revealed that many of the unemployed had effectively given up looking for work. One survey of German people registered as unemployed found only 35% of respondents actively seeking work and another 5% waiting for a job they had already found to begin, while 49% were not actively seeking work (classification of the remaining 11% being uncertain – Brixey et al. 2002). The authors estimated that one fifth could only be placed with ‘intensive care’, and another fifth probably not at all (Brixey et al., 2002; Gilberg, Hess and Schröder, 2000). The Federal Audit Office analysed 13,000 records in a sample of 20 FES offices and concluded also that 21% of the registered unemployed were not searching for a job (Bundesrechnungshof, 2002).

Frustration with the existing system crystallised following a Federal Audit Office report in 2002 which revealed that the FES had exaggerated its job placement data. A government Commission on ‘Modern services on the labour market’ (the Hartz Commission, named after its chairman) subsequently proposed radical reform shortly before the 2002 Federal Elections.

**A Modern Labour Market Service**

The recommendations of the Hartz Commission have been enacted, with some revisions, through three legislative phases. Full implementation is planned for 2005 when the German benefit and employment assistance system will have been
transformed. The most significant changes are in benefit entitlement, the organisation of the FES and the front office delivery of employment assistance.

In terms of governance the FES has been reconstituted as a Federal Employment Agency, still a body of public law but with a management structure modelled on the private sector. The local employment offices have become local ‘Agencies for Work’ (Agentur für Arbeit). Significantly, the influence of the social partners has been reduced with the tripartite advisory committees abolished at the regional level, and those at central and local levels losing their power to propose the budget.

In terms of the benefit system there are reductions in the durations of UB entitlement, with payments to those over 55 being restricted to eighteen months (from 32 months) as of 2006. The most radical change is that UA and SA for working age and able-to-work claimants are to be merged into one means tested benefit from 1 January 2005. The rate of the new UBII for single adults and lone parents has been set at 345 Euros per month (£231) in the West and 331 in the East, with additional supplements for children and other adult dependents. While these components of income support will be paid by the FES, additional housing and heating allowances where applicable will be paid by municipalities. The continuing division of financial, organisational and managerial responsibilities is intended to be overcome by the formation of local consortia that will deliver comprehensive services inside the new Jobcentres. The changes to benefit entitlement have been controversial and it is estimated that up to 1.5 million people face reductions in entitlement, especially those UA recipients who have significant savings or a working partner (Financial Times, 2 July 2004). This is not outweighed by nearly 1 million SA recipients being slightly better off.

Those people who claim UBII will have to enter an Integration Agreement that will specify the job search activities they agree to undertake, the evidence they should collect to demonstrate they have done so, and the employment assistance to which they will be entitled. This agreement will have to be renewed every six months after 2006, three months in the case of younger claimants. Failure to enter an agreement will result in a 30% benefit reduction or, for under 25 year olds, a complete withdrawal of benefit. Unlike UBI recipients, who are able to reject jobs that do not pay the rate established in collective agreements, UBII recipients will have to accept any work that they are physically and mentally able to do.

The centrepiece of the Hartz proposals was the reorganisation of local FES offices into Jobcentres that were to serve as ‘one-stop shops’ for all labour market services. By providing individually tailored solutions and services, Jobcentres would improve the placement of unemployed individuals in work. The Commission argued that the role of the PES should be to prevent unemployment and keep spells of unemployment as short as possible (Hartz Commission, 2002, p. 6).

Despite uncertainties created during the legislative process senior officials in the FES anticipated the scale of the challenge they would face and, following the publication of the Hartz report, initiated a major reorganisation process. The intention was to redesign frontline processes and arrive at what one respondent described as a ‘masterplan’ for implementing a new model ‘customer service office’ or Jobcentre. This new model was partly modelled on the British Jobcentre Plus. It involves the implementation of ‘customer management systems’ that free specialist staff from
mundane administrative activity so that they can work more effectively with unemployed people with ‘limited placement opportunities’. Case managers or Personal Advisers (PAs) identify and tackle employment barriers, and Job Placement Officers (JPOs) work with employers and match the unemployed with vacancies. The new system was being adjusted and modified in the light of operational experience and its impacts are still to be evaluated. Senior FEA officials anticipated, however, that their Jobcentre model could be adjusted relatively easily to accommodate the new client groups they would have to service when UBI is implemented. It was anticipated that half the German network would be implementing the system by the end of 2004, but implementation has slowed because of the priority given to other elements of reform, in particular, integrating benefit payments.

Another controversy involved the role of municipalities, who are expected to form ‘consortia’ with the FEA to deliver a ‘joined up’ service for those unemployed people who would depend on services from both agencies. The original assumption was that responsibility for basic income support for all employable working age people would be concentrated with the FES, but this was derailed during the legislative process. In 69 ‘experimental’ districts it is possible that municipalities may take over full and exclusive responsibility for UBI recipients. In the remaining areas the local ‘agencies for work’ must negotiate with the municipalities the forming of consortia to which the latter would contribute the ‘soft’ services not directly related to employment assistance (like debt or drug abuse counselling, child care provision etc.). Municipalities, on their part, are not obliged to enter such consortia but remain free to deliver their services at arm’s length. In any case, from January 2005 the FEA local ‘agencies for work’ outside the ‘experimental’ districts will be obliged to implement the new benefit. It was to explore the actual impact of bringing both systems together that in our German case studies we looked at two cities where local partnerships had introduced ‘Jobcentre’ initiatives to bring together the work of the local FES office and the welfare department of the municipality.

**The Case Studies**

The case study research involved intensive visits of three days in two British and two German cities between October 2003 and April 2004. Interviews were carried out with senior managers and front line staff in Jobcentres and, where possible, interviews between advisers and unemployed people were observed. Interviews were also undertaken with other relevant agencies and organisations.

The objective of the case studies was not to formally evaluate the impacts of the new regimes but to generate qualitative insights into their implementation. The aim was to clarify the new procedures that had been introduced and to elucidate the challenges to the reforms as they were translated from policy objectives into the delivery of front line employment assistance.

**Jobcentre Plus Reorganisation**

The front line Jobcentre Plus regime is designed to separate out the financial and employment assistance elements of the benefit claiming process. The first contact an individual has with the system is handled over the phone, with free phone facilities in the Jobcentre. A prospective claimant initially lodges their claim with a ‘customer
service representative’ at a call centre. At the office they are seen by a ‘financial assessor’ for about 20 minutes. The individual is then seen by a PA for up to 40 minutes. The task of the PA is to assess employability and provide employment assistance. One key part of the process is to complete an individual ‘better off in work’ calculation to reinforce the policy message that for most people the combination of incentives and tax credits does ‘make work pay’.

In this regime the JSA unemployed are required to complete a Jobseekers Agreement and report fortnightly on what they have done to look for work. The JSA claimant will be required to enter a New Deal after a specific duration of unemployment. Other working age claimants are required to participate in a ‘Work Focused Interview’ (WFI) where they are encouraged ‘to think about work, joining a New Deal, or to participate in a series of voluntary meetings’ with the PA ‘to start preparing for work’.

The Jobcentre Plus reorganisation in both British cities had been characterised by the parallel introduction of new work processes, major staff reorganisation and physical changes to the layout and location of offices.

The design of the new Jobcentre Plus ‘front office’ was clear. Typically the premises consist of two levels of office space with the ground floor devoted to first contacts and the second to ongoing relationships with clients. The ground floor has a reception area and free telephone services, where customers without appointments are typically directed. There is also a one way entrance to a screened environment where cash transactions take place and where applications for immediate financial assistance are accepted or rejected. The only public exit to this section takes the customer out of the office, a device to reduce the potential for conflict following any adverse decision. Both levels of the office are largely open plan with waiting areas and Jobpoints (self service vacancy terminals) in the centre surrounded by ‘island’ desks where customers interact with staff. On the periphery and in corners there are offices and private interview rooms. The design had some practical limitations for staff and significantly dictated the nature of the interactions taking place. In this environment customers cannot go astray, and the nature of most interactions is open to colleagues, security guards and other customers. Team working between colleagues is not only encouraged but impossible to escape.

There was a marked contrast with the facilities and ‘back office’ environment in the benefit processing sites where there was no physical contact with customers. Given subsequent policy decisions to rationalise benefit processing and concentrate it in fewer sites it was hardly surprising that there had been little effort to modernise this working environment. About a third of the Jobcentre Plus staff were, however, employed in such offices and it was here that it was first apparent that there was a ‘them and us’ attitude, where former BA employees in particular felt undervalued. It was evident also that the process of claiming benefits, and the complexity of the benefit system, posed major challenges to the new system. There was much anecdotal evidence about the difficulties experienced in getting accurate information from clients over the phone and in handling the many ‘changes in circumstances’ that clients have to notify to the system (such as, a change of address or part time earnings). Managers stressed that the new systems needed time to ‘bed in’ and work effectively but it was clear that when the ‘back office’ and call centres got information
wrong, or made incorrect assessments, this put administrative pressure on the ‘front office’.

In both Districts a co-ordinated ‘change programme’ was led by a senior manager and there was an extensive programme of staff workshops to explain the reforms and the new job roles that were being created. The aim was to win the commitment of the workforce, overcome the different cultures of the two groups of staff, and defuse the perception that, in the words of one informant, ‘the ES was taking over the BA’. One problem identified by those we interviewed was that the reorganisation took place before senior management had been able to fully integrate the different ways in which the ES and BA had graded jobs, paid expenses, and carried out staff reviews and appraisals. One senior manager suggested that ‘this harmonisation should have been done first’. These issues were ‘peripheral’ to the main objectives of Jobcentre Plus ‘but very important to staff’.

There was considerable turbulence also as individual employees had to apply for new jobs or adjust to changes in their job descriptions. In one District this had exacerbated high levels of staff turnover, much of it due to internal transfers and promotion. This ‘churning’ of staff had positive and negative impacts. Valuable expertise was lost in one District, especially amongst administrators who were experienced in the assessment of complex benefit entitlements, and in both Districts it took time for staff to adjust. This resulted in what was called a ‘performance dip’ and subsequent pressure to ‘catch up’ on missed targets. By contrast other respondents emphasised that the internal movement of staff gave them broader experience and enabled managers to respond flexibly to pressure points through short term redeployments.

Many of the front line staff interviewed were critical of the limited training they had received and the combined pressure to maintain performance and manage reorganisation in a context where staff shortages had restricted the amount of training. There was particular concern about the need for more training amongst PAs who in both Districts were just starting to deliver WFIs to lone parents and individuals making a new claim for disability benefits.

In spite of the candid acknowledgement of implementation problems in both Districts there was generally a positive ‘can do’ attitude to change, a strong ‘team ethic’ and support for the new approach to employment assistance. In particular the front line staff interviewed preferred interacting with clients in a well designed and open environment. It should be stressed, however, that those interviewed were not representative and some expressed reservations about the capacity of the merged organisation to deliver both effective employment assistance and accurate benefit administration.

**Jobcentre reorganisation in Germany**

In Germany, the case studies were carried out in two experimental Jobcentre pilots which, in a number of aspects, model the consortia to be formed throughout the country in 2005. There appeared to be far fewer organisational problems because of the more limited nature of the Jobcentre experiments that in effect co-located municipality and FES staff. There was no change of contracts, recruitment was largely voluntary, and participating staff largely motivated by the innovative potential of the
experiments. In both cities the impetus behind the development of a more integrated approach to employment assistance reflected the Federal Government’s early commitment to more effectively tackle youth unemployment plus local decision makers’ endeavour to be ahead of emerging reforms instead of being taken over by the reform process.

In German city ‘A’ (GCA) the municipality had introduced its own case managers in the late 1990s to intervene more proactively with employable SA recipients. The case managers had been based in the decentralised offices of the municipality but they had limited impacts because of high and diverse case loads, and, according to those interviewed, the ‘lack of organisational responsiveness to change’. In response, the municipality with the support of the local FES and additional Federal funding for pilots of co-operation between the FES and municipalities, created a centralised Jobcentre in 2001. The aim was to reduce claims for SA by introducing a ‘work first’ strategy. This involved co-locating 49 city case managers and 57 city Personal Advisers with 16 FES JPOs in a unified office.

The Jobcentre was located slightly off the city centre, neighbouring the local headquarters of the FES. It had a bright open entrance and reception area. This is the first part of the customer management system where appointments with the case managers and JPOs are made and an initial assessment takes place. There were six Jobcentre staff in the reception area. Two were permanent receptionists who dealt with first contacts. Four were ‘rotating’ case managers and PAs who could deal with frequently asked questions and solve initial problems. The whole atmosphere in the Jobcentre was modern and business-like. However, the absence of benefit integration meant that individuals who claimed both UA and SA had to register at the FES as well as with the Jobcentre.

The most important difference in the Jobcentre was the focus on employment and immediate employment assistance. Municipal case managers maintained the ‘front-line’ and were responsible for taking the claim to benefit and making an initial assessment of individual employability. They would refer clients either to a co-located JPO, if they were ‘employment ready’, or to a network of 24 local job exchanges that were operated by contracted providers to deliver more intensive employment assistance.

Bringing the two cultures of case managers and JPOs together in the Jobcentre was not considered an issue but it was suggested that this was because it attracted more pro-active staff that believed in its ethos and had been dissatisfied with the practice in their former organisational environments. Apart from the informal contacts generated by co-location there were regular staff meetings, joint training sessions and case conferences for particular individuals. For the senior SA administrator ‘the aim was not merger but a new culture’. More pragmatically the senior FES official described it as ‘two authorities operating a single office’. Attributing the remaining differences to the separate and different legal foundations then still governing benefit provision and employment assistance in the FES and the municipality helped to relieve intercultural stress. Both administrators thought that a wider merger following the implementation of the Hartz reforms would pose far more difficult organisational issues.
The Jobcentre experiment in German City ‘B’ (GCB) was a more recent and more limited exercise. It was located in, and dominated by, the local FES office block and provided a ‘one stop’ entrance point to both unemployment benefits and SA for all young people under the age of 25. The significant development was to ‘house’ SA case managers within the same environment as their FES counterparts. The employment assistance innovation was to introduce an ‘employment first’ approach. This Jobcentre initiative had only been operating for a short period. Co-location had apparently reduced some handover problems, and reduced bureaucracy for clients, but many of those interviewed were critical. Unexpectedly, the introduction of the pilot coincided with an expansion of provision that had been injected into the system through the Federal ‘Jump Plus’ programme. The implementation of this programme dominated the activities of municipal staff during the starting phase of the experiment. Since the programme applied only to SA recipients, it had the perverse effect of keeping the two partners co-located in the Jobcentre apart in much of the day-to-day work process.

Before SA was paid new applicants were required to attend a one-week course for information and assessment. If they did not attend without a good cause they would lose or not be given benefit. After the information event the young person would attend a first interview where benefit entitlement would be clarified and employment barriers identified. This was undertaken by FES JPOs as the pressure from high numbers of clients precluded any municipal staff involvement. The JPOs indicated that few clients were submitted for jobs as most were not ‘job ready’ and few vacancies existed. The rapid implementation of the programme plus what was said to be poor selection and preparation of participants produced high absenteeism and drop out rates.

In the case study cities those we interviewed stressed that it had not been possible to go further than co-location because of the different legal responsibilities of the organisations involved. The issue of merging management, jobs, functions, and the very different provisions of the two codes used by staff (the ‘BSHG’ and ‘SGIII’) had not been relevant. These issues are likely to become more important in the consortia that will have to be established after full implementation of the Hartz reforms. Though the consortia will start with co-location and secondment of staff, this is unlikely to be continued indefinitely for new staff.

**Implementing ‘activation’: The work of PAs and case managers**

The interviews between PAs, case managers and clients that were observed were, perhaps unsurprisingly, all conducted courteously with a clear effort to resolve issues for the client. In both countries the customers interviewed were clearly concerned to establish their entitlement to benefit and only when that was resolved could the interview move on to employment assistance. This generally involved a discussion of experience and aspirations culminating in some advice and encouragement. In Britain new claimants agreed a Jobseekers Agreement and the longer term unemployed New Deal clients observed were referred to external providers. The British interviews were allocated about 40 minutes, the German interviews about 30 minutes.

The overall character of both the British and German interviews was administrative and procedural. In the German interviews considerable emphasis was placed on
establishing benefit entitlement and ensuring that benefits would be paid correctly. In the British interviews detailed questions about benefits had been undertaken by the separate Financial Assessor prior to the PA interview, or benefit was already established and in payment for the New Deal clients. Here, however, there was a need to explain a variety of procedures and the documentation that was being handed over that explained client responsibilities. Financial details still had to be discussed in the calculation of in work benefits and more time was also taken to acquire signatures on various forms, including the Jobseekers Agreement. These processes ‘crowded out’ the amount of time that could be given to direct employment advice.

The New Deal PAs pointed out that there was less procedural emphasis after the first interview, or when there was no direct referral to an external provider involved. Each NDPA had fortnightly interviews with their clients that would be repeated over a period of several months during the ‘Gateway’ phase. These were not observed but the NDPAs indicated that over time they could provide a more individualised service for each client that included identifying barriers to work, helping with job applications, contacting employers and discussing employment goals. The Advisers did, however, express their frustration about the rigid design of New Deal programmes and wanted more discretion so that interventions could be better tailored to the needs of each individual.

British PAs expressed general frustration about the amount of time they had to spend on paper based administration and ‘form filling’. There was a rough consensus that at least one fifth of their operational time was taken up by these duties, although some advisers indicated this could be as much as a third of their time. It seems that a great amount of time, effort and attention was given to ensuring that the relevant documentation had been completed, and there was much anecdotal evidence about having to manually complete forms several times when the original ‘disappeared down a black hole’, or when names were misspelt or details entered incorrectly. Administrative problems were exacerbated by having to work with IT systems ‘that did not talk to each other’, and which required manual replication of information. There was also concern about the amount of time absorbed by frequent changes in bureaucratic procedures.

In Germany there was far less preoccupation with ‘paper work’ as such, but there was much administrative complexity. Co-location of municipal and FES services in the two Jobcentre pilots implied that advisers had to work with two computerised systems that were not integrated. They needed separate terminals on their desks for the different systems.

One interesting point was how much of the British paperwork was generated by its ‘stricter benefit regime’ and by the complex paper based financial claims process that commenced when individuals where referred to external providers. The first pressure reflected the fact that British benefits and sanctions required much original documentation and accurate form filling, in part required by legal due process before a sanction could be imposed. The second reflected the strict payment and auditing requirements that governed the contractual relationships between Jobcentre Plus and its providers. These pressures were far less apparent in Germany because of the permissive benefit regime and a more ‘trust based’ approach to providers. It could be that as the German benefit regime becomes stricter, and more ‘for profit’ providers
are introduced, front line staff may also find themselves mired in equivalent administrative requirements.

There was a major difference in the ‘target cultures’ of both regimes. In both British case studies it was clear that each office had its own targets for getting people into jobs, and the advisers were aware of the job entries they were expected to achieve. Advisers and managers expressed some concern that the focus on individual assistance was undermined by the emphasis placed on securing unsubsidised job entries and this was particularly acute following the ‘performance dip’ experienced after reorganisation. Advisers acknowledged that they often had to persuade clients to expand the job vacancies they would consider, especially if client expectations were ‘unrealistic’. They acknowledged that in some circumstances they would put ‘pressure’ on clients, especially in the New Deal, to consider jobs or programmes they were reluctant to consider. There were, however, limits, and they appreciated that inappropriate matching or pressure could result in someone not turning up for an interview or leaving a job or programme early. They also pointed to the tension with their obligation to employers who were assured by Jobcentre Plus that only suitable candidates would be submitted to jobs.

The British advisers were prepared to impose sanctions when required but advisers were, however, uniformly critical of the processes involved. In their view the formal regime was administratively complex, hard to implement, and generated a disproportionate amount of paperwork. The eventual outcome of any proposed sanction was often uncertain and, if a sanction was overturned, it damaged their credibility with the client. There was also concern that sanctions could be counterproductive. For one British PA:

> It’s useful for some, not for others … For people with severe issues it can push them underground or you [can] lose their trust … with most [people who are sanctioned] it’s failing to attend interviews, failing to attend training.

This final observation was repeated by other advisers and managers, and is confirmed by broader evidence. It is the ‘failure to attend’ mandatory interviews or programmes that generates most sanctions in the British system. This is the also point at which many unemployed people are ‘prompted’ into more active job search. The advisers interviewed emphasised that these ‘no show’ rates in themselves disrupted their interview schedules and generated much of the paperwork, to immediately stop benefit payments, that caused so much frustration.

Targets and sanctions have previously been of less importance in the German context. This has begun to change with far more stress being placed on job outcomes following the placement ‘scandal’, and a clear ‘steer’ in the system to now reduce the number of people entering training programmes or temporary jobs in the ‘secondary labour market’. In both parts of the German system there was a stress on helping clients into jobs that would be sustained for between six months or a year. This was in particular contrast with Britain where all job entries of more than a few days duration count towards Jobcentre Plus’ target.

In GCA the Jobcentre had formal job outcome targets but these were not used for assessing individual staff performance. According to the manager interviewed
‘monitoring data for the Jobcentre as a whole are available, but they are not used for feedback and discussion’. In effect there was little emphasis on the connection between targets and individual performance and ‘although quantified targets do exist failure to meet them has no hard consequences yet’. This did not mean that performance was irrelevant but that responsibility for job entries was shared in team targets between JPOs, case managers and providers.

In GCB the impact of any target and job search regime was less apparent. There was no data available on actual job placements but informant estimates suggested it was as low as ten per cent. There appeared to be little effort to enforce a more intensive regime even though staff estimated up to half of their clients were not meeting the expected requirements. The main emphasis was on referring clients to providers and successful placements were regarded as positive outcomes in their own right. The lack of a direct employment focus may have been related to what seemed to be the prevailing attitude among those interviewed in this Jobcentre pilot. The assumption appeared to be that the majority of customers were neither employable nor trainable.

In both pilot Jobcentres and in the local FES offices the respondents interviewed indicated their reluctance to use sanctions, in part reinforced by the legal constraints that exist and concern at the hardship it might cause. In the GCA Jobcentre if an SA client missed an appointment their benefits would continue and the individual would be given an opportunity to explain their absence. If they failed to do so they would experience a 25 per cent reduction in their payment for the period in question. In the words of one case manager, ‘the principle is that everyone gets a second chance’.

In both German cities the staff and managers acknowledged the pressure to implement a stricter regime. The advocacy organisations that were interviewed suggested that this had already started. Trade union representatives expressed their concern that this stricter regime would be intensified once the Hartz reforms were fully implemented and feared that the emphasis of the system would change radically. In the words of one, ‘Hartz starts with sanctions and then looks at support’. Despite these concerns there was, however, a consensus in the national and case study interviews about the need for a stricter, albeit fair, regime. Employers and trade unions thought it important to protect the insurance fund from potential abuse and most of those interviewed acknowledged that the system was failing to engage with those who were most disengaged from the labour market.

Managing Change and Delivering Employment Assistance

This paper has assessed the background to and objectives of the reforms in both countries and identified some of the challenges faced. In both countries implementation pressures are intense both at senior management levels and at the front line where advisers and job brokers are expected to translate policy design into effective daily practice. Some immediate conclusions emerge:

1. A merger and organisational change on the scale of Jobcentre Plus or the German Jobcentres requires a clear and widely understood implementation plan and timescale of several years. If there is an expectation of immediate change there is a danger that reforms are not fully completed before the next wave of policy change, as Germany has already experienced with ‘Employment Office 2000’.
Bureaucratic inertia should be challenged but time is needed for a clearly planned ‘roll out’ of the new delivery system. This applies even more in a change process like that in Germany, which has a wider scale than its British counterpart, involving the implementation of a new benefit, a new job search regime and close co-operation between a Federal Agency and municipal services. This requires a process of ‘learning by doing’, whereby ‘pilots’ and ‘pathfinders’ are used to test and modify new procedures, and practical experience can be accumulated, evaluated and shared to shape and secure efficiencies as implementation accelerates. There is concern in both systems, but especially in that of Germany, that the endeavour to change an employment assistance regime, in all its major respects simultaneously may be self-defeating. It may paralyse actors with overload, especially those at the front line, cloud issues and objectives, and produce unanticipated consequences that undermine the purposes of change.

2. Employment assistance reform necessitates commitment and the ‘hearts and minds’ of middle managers and professional staff. Change is unlikely unless significant key personnel perceive a self-advantage, especially if they are being asked to change role and undertake more complex tasks. This is especially true when administrators are required to engage in more difficult personal interactions with people with significant problems. An announcement of major staff reductions mid way through the change process, as has happened in the UK, is a blow to staff morale, worsens industrial relations, and may undermine implementation. Similarly, much of the German controversy on the role of the FES has been framed in such a way as to undermine the professional reputation of its staff, and at one point massive redundancies were publicly envisaged by the then CEO of the FES as a consequence of efficiency gains to be effected by the reform. In reality, additional staff is needed for its implementation.

3. Organisational mergers carry the risk of being perceived as ‘take overs’ by those working in the services now apparently less favoured. In Britain the risks were reduced through a combination of ‘inclusive’ rhetoric and the use of ‘mixed’ and ‘crossover’ assignments of key staff positions. Yet, tensions remain, and have been exacerbated by the policy focus and resources concentrated on the ‘front office’ of employment assistance in contrast with the treatment and priority given to the ‘back office’ of benefit processing. There is a real danger this may prove the ‘Achilles heel’ of the British system because poorly processed and assessed benefits will undermine the capacity of the ‘front office’. In Germany, by contrast, since the Hartz Commission, little consideration was given to the role of municipalities or to how local consortia are to deliver an integrated service. There seems to have been little attempt to systematically learn lessons and develop and share best practice from experimental joint FES and municipal Jobcentres, such as those visited in this study. A virtual ‘take over’ situation that was implied in the original draft law was prevented by the Christian Democratic opposition, but the resulting compromise bears many ambiguities. The local consortia between a Federal Agency and Local Authorities can only be a transient solution, and up to 69 municipalities now have been given an undefined role to develop an alternative model of delivery that may have wider implications given a change of Federal Government. Thus the contradictions and unresolved issues built into the reform will breed the need for the next reform in Germany.
4. The purpose of ‘activating’ employment assistance is to have workless people engage in employment-focused activities in a new way. This is likely to be effective only if the ‘customers’ of the new system perceive increased opportunities in the new regime. This involves incentives as well as sanctions. Financial incentives are an important component but they are unlikely to work effectively unless other employment barriers are addressed through personalized employment assistance. Slogans such as a ‘New Deal’ and individual ‘better off in work’ calculations give an immediate individual resonance to the New Labour principle of ‘rights and responsibilities’, whereas in Germany the catchphrase of ‘active supporting and demanding’ (Fördern und Fordern) frames individual jobseekers as objects of benevolent and stern treatment but fails to stimulate any positive imagination on their part. Indeed, the new approach to employment assistance may be thwarted by the controversy generated by reductions in benefit entitlement for up to 1.5 million unemployed people.

5. Sanctions are a necessary element of ‘activation’, but care must be taken in their application. Evidence from Britain suggests that vulnerable claimants, such as those whose first language is not English, experience sanctions disproportionately, rather than those who know how to ‘work the system’. There is evidence too that the quasi-legal administrative process of imposing sanctions, especially on non attenders, has disproportionate impacts on the workloads of advisers, distracting them from the task of employment assistance. Procedures to ensure the personal security of front line staff (and of other office users) has become a significant issue in British Jobcentres and is likely to become more prevalent in Germany where many longer term unemployed people are likely to experience a reduction in benefit payments, or fail to qualify for them, or experience sanctions. It appears also that Germany, with its tradition of ethnically based legal citizenship and its exclusion of non-EU-citizens from its Civil Service, is even less prepared than Britain to deliver effective employment assistance to its migrant population.

6. A new challenge is to fashion more effective interventions for those who might otherwise simply ‘recycle’ through the New Deal system or German employment programmes. In both countries national and case study respondents acknowledged that their respective provider networks faced equally daunting challenges as did front line advisers in implementing the new regimes being introduced. The most significant management challenge will be how to re-engineer programmes and contracting procedures in ways that improve job outcomes, especially for the hardest to help, but without creating perverse incentives to either work most intensively with the job ready or to merely recycle unemployed people through programmes.

7. ‘Activating’ employment assistance necessitates changing the orientation and behaviour of jobseekers through interaction with personal advisors. Rules, incentives and sanctions may be instrumental in framing this behaviour, but personal interaction is at the core of a new approach. The effectiveness of this interaction, in turn, depends on exogenous as well as endogenous factors.

Externally, the customer management system should facilitate settings of undisturbed interaction of adequate duration, depending on the target of that interaction and the prospective complexity involved. This involves shifting any
necessary paperwork and administrative tasks towards prior or later processes in order to leave room for a true work focus to the interaction. The British and German systems aim to secure this through a separation of benefit processing and employment assistance, but the evidence was that errors in assessment, routinised scripts, administrative complexity, and high caseloads ‘crowd out’ the employment assistance interaction.

The crucial internal factor concerns the skills, abilities and motivation of the personal advisor to make effective use of the setting, especially when working with those with significant employment barriers. In Germany this poses a challenge for existing staff who have been trained predominantly for their administrative and legal skills but will now need more social and communicative skills. In Britain it involves a challenge to identify and reward effective practice and better prepare and train those staff now expected to engage in more complex interactions, especially with those on disability benefits or with caring responsibilities.

8. A key lesson from Britain is that the physical design of a ‘Jobcentre’ shapes the interactions and creates a new social environment for job seekers that improves their self-esteem and encourages their focus on finding a job than would otherwise be the case. Significant thought has been given to the physical and virtual design and accessibility of the service and to the implicit messages sent to both jobseekers and staff. In Germany little thought appears to have been given to the physical redesign or accessibility of employment assistance services, other than the creation of a new ‘front end’ reception desk to better manage customer flow. This touches two issues that are deeply rooted in the German tradition of the 1970s: (1) The FES’ real estate investment policy in the golden age of contribution surpluses which locks its services in inner city high-rise concrete; (2) the German single office culture that was facilitated by these large buildings.

9. In both systems great stress has been placed by Ministers and senior officials on the efficiencies to be secured through IT systems. Yet these systems are far more than instrumental tools to secure isolated operations. They have become rather the virtual embodiments of the work organisation and workflow of an institution, of the rules the organisation is designed to implement, and of its targets, its memory and its capacity for self-reflection. In both Britain and Germany, the IT systems currently in use appeared to fall far short of the requirements of integration, with the merger of systems and processes multiplying their interfaces and incompatibilities and requiring many ‘work arounds’ by front line staff. There is a critical challenge in both systems to obviate these IT system inadequacies as they may jeopardize an otherwise well-implemented organisational reform.

10. It is evident that an activation strategy is easier to implement in the context of sustained employment growth, and since the mid 1990s the British labour market has been more favourable in this context than the German one. In addition the bleak situation in many parts of eastern Germany, still with an unemployment level of 18%, has helped reinforce perceptions that, in the words of some of those we interviewed, ‘there aren’t sufficient jobs’ and that organisational reform for more effective employment assistance is irrelevant because ‘it makes no
difference in which organisational set-up you can do nothing for people’. This pessimism has been reinforced by a perspective that has concentrated on the stock of the unemployed, rather than one that starts from the potential of labour market flows where, for example, there are between six and seven million job starts in western Germany annually. It may be unconvincing to assert that ‘there are potential jobs for everyone everywhere’ but there are job opportunities in many parts of Germany that could be accessed by the unemployed given more effective employment assistance. A significant challenge for those designing the new system is to create a regime that does not just ‘do things to people’, but that encourages the unemployed to find jobs for themselves and provides effective work focused interventions for those who need more intensive assistance.
References


