Better Governance and Delivery of Reform through Learning and Partnership: Thematic Paper

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“Fools learn by experience while wise men learn by other people’s experience”
(attributed to German Chancellor Otto Graf von Bismarck)

“The roads to reform are narrow and perilous, they appear quite unsafe to the outside observer however sympathetic he may be, but they exist” (Hirschmann 1963: 275).

Mobilizing support, delivery, and effective use of instruments

In the final part dedicated to “governance”, the report of the Employment Taskforce (2003) raises three issues: mobilizing support for reforms; delivery, and effective use of EU instruments like ESF. The report highlights reform partnerships as “a way of finding solutions of mutual advantage to different stakeholders by balancing concessions and advantages in the fields of competitiveness, employment, social protection and other relevant policies.”¹ This recommendation agrees with the literature on reform and social pacts (ODonnell 2001; Ebbinghaus and Hassel 2000; Regini 2000) and with the observation that “broad packages that encompass several measures”, while balancing benefits and costs, tend to be more successful in terms of actually adopting reform than one-off measures or big bang solutions (Eichhorst and Konle-Seidl 2005; Freeman 1995). Grand reforms look great on paper, but in a democratic world with strong interest groups actual change requires “intelligent sequencing” of reforms (Hemerijck and Schludi 2000) and “package deals” based on “modernizing coalitions” in which there is a combination of retrenchment (for all employees, for example) and renewal (for women, young and atypical workers), as Bonoli (2003) has shown for pension reforms in Sweden and Switzerland (but much less so in France or Italy).

Effective reform strategies depend on content and context

There are no cookbooks for effective policy reform that tell: “Take so much from this and so much from that, mix it and you get….” There is no “one best way”: much depends on the circumstances, the timing, the problem and the institutional framework. In a comparative analysis of product and labour market reforms in Europe (including non-EU members), Castanheira et al (2003) conclude that package deals are especially recommendable in countries without clear political majorities and in areas with entrenched interest groups, as is in their view the case in labour markets more than in product markets. Sometimes there is more to gain from a slow and steady pattern of reform than from a rage de vouloir conclure (Flaubert). If policies are imposed or pay little attention

to possible side effects, the problem may continue or even worsen, resulting in cynicism, distrust of motives or, quite the opposite, unrealistic demands for a “grand plan” to solve everything. In his analysis of anti-inflation policies in Latin America Hirschmann (1963) gives many instructive examples and we believe similar patterns can be observed for the way European politicians sometimes address the problem of combating (youth) unemployment. For a sustained pattern of piecemeal reforms one needs adequate institutional frameworks: those that encourage trust building, allow information exchange and the exchange of concessions now for uncertain payoffs in the future. In countries with clear political majorities it may be easier to adopt and implement a reform decision and reforms tend to be more radical (Saint-Paul 2000). But without coalition building and broad public support there is greater risk of implementation failure and of reforms being ditched after elections.

**Work-Service Jobs (Denmark) and First JOB SEEKER’s Contracts (France)**

A *rage de vouloir conclure* is often inspired by the urgency of a crisis and the need to win the next elections. The reform of *Work-Service Jobs* (1999) adopted in Denmark shed light on the risks and problems that happen when reforms are unsatisfactorily prepared. The purpose of the reform was to reintegrate unemployed over the age of 48 into public service jobs. The need to address this problem urgently was seen as vital for winning the next elections, as the group was believed to belong to the core constituency of the incumbent party-coalition. The scheme promised a state grant for each new job for this group. Because the electoral focus was obvious, there was never full political backing and given the emphasis on public sector jobs private employers showed no ownership of the problem or the scheme. Although the reform was adopted and implemented within the layers of (local) government, take-up possibilities were weak due to inherited budgets constraints, leading to the reform being criticized even by those potentially benefiting from it. The change of government after the elections of 2001 and an agreement between the unions and (public) employers involved in the scheme allowed its cancellation in 2002.

In France, the new first job-seekers’ law focusing on people of 26 or less whose first-job contract can be terminated without explanation at any time during the first two years of employment, came straight out of the Prime Minister’s office, responding to urban unrest and mounting youth unemployment in his country. The law was proposed without consultation and moved through the National Assembly using Article 49.3, which disallows amendments. In method and effect there is an obvious parallel with the 35-working hours law of the previous government. Irrespective of the merits of faults of such laws, the method used, apart from controversial, is poor on delivery in both cases. Once it runs into opposition, there is hardly a way for co-makership of other political or social actors (as that does compromise their position) and only a defeat or failure can clear the way for another reform attempt. We discuss other examples, with a richer dynamic of information exchange between private and public actors later (for instance in the Dutch flexicurity reform). In this case it would seem that the fragmentation of the French unions, their inability to engage in a logic of information while bridging diversity within their ranks, the low degree of institutional trust between employers and unions, and the impetuous style of the French governments create a particular equilibrium of poor delivery on labour market reform.
Reform involves social costs and political risks

Modern scholarship has highlighted the difficulty of labour market reform (Calmfors and Skedinger 1998; Pierson 1994; Saint Paul, 2000). Many economists and rational choice theorists argue that mature welfare states are replete with veto-players who, given their interests and those of their clientele, tend to resist change. Many social and political scientists and authors working in the institutionalist tradition stress the importance of path-dependency and policy inertia, showing that policy choices made in the past become difficult to reverse, even in the face of serious external pressure. Despite the ‘irresistible forces’ urging reform, post-industrial welfare states, these scholars claim, have become ‘unmovable objects’ (Pierson 1998). The empirical reality, however, shows that even if reforms are difficult to achieve, costly for some groups, organizations and people, politically risky and easily derailed, they do happen. Boeri (2001) counted nearly 200 reforms in unemployment insurance, employment protection and pensions in Western Europe between 1985 and 1995. The majority of these reforms decreased the level of generosity and protection by a small amount, some expanded protection to new groups and new risks. Many of these reforms were unpopular, some occurred with the consent of opposition parties and trade unions, some happened against them. The puzzle is: if labour market reforms are so difficult, how can they nonetheless happen? What contributes to effective implementation?

The interaction between public agencies and the target population

Most regulatory and distributive policies rely upon the interaction between the authorities and the target population. The state or public actor is rarely faced with a non-organised mass of citizens and even where governments and public authorities have undisputed legal powers to dictate rules and impose sanctions their creative powers may be quite limited and depend upon cooperation with powerful private actors and interest groups. In general the state tends to be more powerful in telling private actors what not to do than in convincing them what to do. Program designs for effective delivery of reforms do well to consider these interactions and the self-organising capacities of society from the start, and not only when policies are resisted.

Implementation failures

There are two main types of implementation failure of well-intended policies (Mayntz, 1993). One type of failure occurs when the authorities are unable to enforce rules (enforcement failure) or when the target population is unwilling to comply (motivation failure). The second type occurs when rules are followed but the problem does not disappear or when unwanted side effects appear, due to lawmaker’s deficient understanding of the problem and its causes (knowledge failure) or the impossibility to intervene in a selective and goal-directive way (intervention failure). It is very important to identify which failure one deals with in concrete cases like, for instance, policies that address the lack of continued vocational training for older workers (motivation? knowledge?), activation of the long-term unemployed (enforcement? motivation? intervention?), youth employment (enforcement? motivation?).

Motivation failures cannot be solved by administrative means but need a re-arrangement of (positive rather than negative) incentives. Typically, knowledge and intervention failures are not solved by the adoption of better-specified central norms and tighter administrative rules, but by means of a stepwise concretization of (self-reflexive) general norms so that local knowledge of implementa-
tion authorities can be used. In the case of a knowledge failure, the solution often requires the active involvement of (representatives of) the target population and may also benefit from granting subordinate agencies more discretionary action space (decentralization). Interventional failures may require a particular organization of delivery enhancing both the selectivity of measures and cooperation across policy domains and disciplines.

**Who decides may be as important as what is decided**

Many policy problems in the employment domain are ‘wicked’ because they are interdependent and connected to the existence of other social problems (truancy and dropout from school, poor health, discrimination, bad habits, etc.). The solution of wicked problems require mobilisation of local knowledge of both users and providers of services as well as a broad overview cutting across policy domains and formal jurisdictions. The design of effective policies is as much about determining how actors can discover together what they can do as about deciding which actors need to be involved and what instruments (incentives, rules) and decision powers they need. There is a strong reason to see policy reform with regard to such problems as process of ‘learning by doing’ based on experimental and deliberative learning at different levels, mixed with ‘lesson drawing’ from others (Hemerijck and Visser 2001).

**Advanced Vocational Training (Sweden, Denmark) and Skillnets (Ireland)**

In 2002 **Sweden** included *advanced vocational education* (AVE) in its regular educational system. Already in 1994, trade unions and employers’ association had put forward a proposal for tertiary non-academic education with strong links to working life. In response, a pilot project was carried out between 1996 and 2001. A Commission including social partners’ representatives was appointed to run and monitor the scheme. The purpose of the pilot project was to build up a bank of experience relating to new courses, educational forms and providers, and to investigate the extent of interest in this type of vocational education in the labour market. When the pilot was extended to the whole country and to other target groups, it was brought under the new Swedish Agency for Advanced Vocational Education, which was responsible for drawing up guidelines, approve applications, award grants and supervise the courses. The Agency’s governing board included all relevant stakeholders. The key factor in the success of the AVE program, as we see it, is that it remains demand-lead and flexible (as during the pilot phase). Although extended, the flexibility is retained through the involvement of course providers. Employers provide the work placements. The supply of courses is a key indicator of whether the skills are needed: if placements are not offered, the courses are cut back, withdrawn or redesigned.

AVE is demand-driven, but simultaneously outcome-oriented with its key success criteria being that students are in employment within 6 months of finishing their studies and adults within 12 months of unemployment (in line with EES guidelines). Moreover, the scheme is locally grounded, based on bottom-up initiatives of unions and employers’ associations in response to needs they identify through their members. Flexibility is built into the implementation structure, which means that new challenges and labour market demands can be met continuously. Stakeholders learn by monitoring as knowledge and experiences with implementing the program find a feedback into the supply of courses.

A range of similarities can be drawn from the reform on adult and educational training in **Denmark**. Although the latter was not experimental-based, political support to decentralize the im-
plementation structure of the educational and vocational training prevailed. A new Labour Market Institution for Financing Education and Training (AUF) with social partners' representatives was set up with similar purposes as the Swedish Commission in 1996. The responsibilities of the Danish AUF were to direct the supply of courses more towards the demands identified at local level. Experience and knowledge conducted by the social partners on the ground are uploaded to the relevant Ministries.

Skillnets is an example of experimenting partnerships in Ireland. A board of Skillnets representatives was founded in 1999 to run a pilot Training Networks program, which resulted in an enterprise-led body dedicated to facilitating enterprise training and workplace learning. Financial support comes from the government and the EU. Companies contribute on average one-third of the costs of training. The scheme is demand-led insofar as the companies and their employees direct and control what training is offered and by whom. Skillnets has initiated an enthusiasm for training and enabled companies to undertake cost effective and flexible training of high quality with more focus. Sector-based networks in industries varying from pharmaceutical and electronics to restaurants and small retailers have developed courses that are relevant for their industry. The key principle behind success is that the program is demand-driven and bottom-up initiated, involving private and public stakeholders, and with profound flexibility in its implementation structure. There are still some difficulties, however, related to the predominance of the sectoral approach to the formation and development of training networks promoted by Skillnets. Sharing sensitive information and knowledge with competitors within sectors has limitations, especially in a context where sectoral employer organization is weak (Irish employers do not negotiate sectoral wage agreements, unlike many continental European countries). This may explain why most training networks rely on public finance and support and purely private partnerships within sectors are limited.

Workway (Ireland) and New Deal and Disability payment reform (UK)

Workway is a labour market initiative funded by the Irish Government. Workway seeks to promote the employment of people with disabilities by exploring local skills availability and employment opportunities for people with disabilities. As a consequence of the significant widening of participation in Ireland beyond the classical social partners under successive Social Pacts in the 1990s, a Partnership Committee involving representatives of all stakeholders was set up. However, it turned out difficult to enact a complementary implementation structure involving employers. This made the scheme very vulnerable. Social partnerships primarily involved people with disabilities, civic associations, trade unions, public authorities and other groups representing the interest of people with disabilities. Again, the implementation structure was quite flexible. However, the lack of employers' involvement in the creation of these partnerships prevented a place high on the business agenda.

The UK's initial New Deal (1998) program arguably presents a case of failure to engage all relevant stakeholders. This program aimed to reduce unemployment of young adults aged 18-24 by offering training, coaching or a job before six months of unemployment (in line with EES guidelines). For the execution of the program, partnerships were created between young job seekers, employment services, local and regional authorities, trade unions, colleges and the voluntary sector. Although the implementation structure was quite flexible, private employers failed to engage. One reason might be that the scheme inherited a supply-driven focus (unemployed young people needed to be placed), which made it less relevant for employers. Moreover, they were
allowed to be in a position to disclaim ownership of the problem. There was no joint board or commission and stakeholders in the program were not held financially accountable or obliged to report experiences and knowledge to a national board or commission responsible for implementation. We conclude that absence of a demand-driven program and a governance structure allowing exchange of experience and knowledge, possibly leading to redeployment of resources, did militate against engagement from all stakeholders, in particular private employers on whose commitment the success of the program depended. Possibly, as a consequence of learning from failure, later programs, in particular “Jobcentre Plus” (2002) addressed many of the identified problems and invested in particular in quality and flexibility of delivery while working in close partnership with employers.

The disability payment reform (1999) in the United Kingdom tried to increase labour market participation of disabled people. A decentralized array of Disability Rights Commissions (DSR) is charged with the responsibility of developing ways and means to get disabled people into work and is held financially accountable. DSRs are composed of individuals representing interests of the disabled and within the wider community. On these bodies, ten of the fourteen members are disabled people themselves. Representation from among employers’ associations and the government is poor or lacking, however, despite the intention to build partnerships with all relevant actors. A number of barriers, of which high financial costs and poor access to legal representation are the most important, seem to have led to poor implementation. This is less surprising considering that the aim was to save money. Despite all good intentions from stakeholders that did involve themselves, inadequate political backing may create another barrier to successful reform delivery.

Learning from mistakes

There are two key learning mechanisms motivating change (Boyd and Richerson, 1985). Trial-and-error learning is the first. In a series of incremental steps, actors probe different institutional solutions, learning along the way about the costs and benefits of each solution. Reforms in this perspective do not come about by importing ready-made solutions tried elsewhere, but are rather created in a process of experimentation or guided variation, motivated by dissatisfaction with existing solutions or threats by opposing political forces which may mobilize discontent. Political actors create new solutions to problems by relying on information derived from previous experience and expectations about the (political or electoral) payoffs of the new solution. However, feedback mechanisms – the essence of trial-and-error learning – may be poor in politics due to short attention spans dictated by media, electoral or budgetary cycles, and the messiness of public sector organizations with their multiple purposes, dispersed or unclear accountability, and often contested authority (Pierson 2004; LaPalombara 2001). Crosscutting organizations and joint councils, with stable membership and one step removed from daily politics, may help. Jointly observing and digesting unpleasant facts and worrisome trends is often the first step towards true learning about politically unrewarding problems like pension reforms (Eichhorst and Wintermann 2005) and create legitimacy for unpleasant reforms among a wider circle of social actors with veto power. Another advantage, for learning, would seem that these ‘corporatist institutions’ have a longer (organisational) memory than may be common in politics.
Concertation and social partnership (Ireland)

Policy concertation can be defined as a process in which organized actors inform each other of their intentions and capacities, elaborate information provided to them by experts or members, and clarify and explain their intentions and expectations (Visser 1998a). Through engagement in concertation, governmental and non-governmental actors become “better informed about each other's intentions” and “more respectful of each other's capabilities”, which, in turn, may “help them to trust each other's commitments” (Schmitter 1983). Trust is essential for a long-term perspective, making it possible for interest groups to accept concessions in the short run because they can be convinced that others will be constrained from exploiting the situation. The National Economic and Social Forum in Ireland (NESF 1997), in a report about social pacts and partnership in Ireland, attributes five main effects to concertation in the case of Ireland: a shared understanding of the key mechanisms and relationships in the formulation and implementation of policy; a better understanding of the interdependence between organised actors; a greater sense of fairness and sharing of benefits; a problem solving approach in which various interest groups address joint problems; and a deepening of participation at all levels. Ireland is currently negotiating its seventh social pacts since 1987. These pacts are seen as instrumental in the extraordinary successful economic and social development of the country. A particular feature of these pacts is that they have allowed the widening of participants beyond unions and employers, and promoted a deepening of partnership to local levels, as was shown in the Skillnets example, discussed before.

Learning from others

The second mechanism of learning, dubbed direct biased transmission is based on direct or indirect competition between different alternatives. This is the selection mechanism of evolution: “whatever is successful is likely to appear more often in the future (Axelrod 1984: 169).” Applied to reform, the selection argument is that powerful actors will choose the alternative that proves to be the best in achieving the best outcome for them (political survival, social stability, etc.). The idea is, for example, that if existing ways of activating the unemployed do not bring them back into paid jobs, policy makers will introduce new methods, rules or incentives copied from policies used in other countries, regions or policy areas if they perceive these policies to be more beneficial. This mechanism has obvious similarities with imitating solutions discovered by others, which is recognized as an important mechanism of change in organizational analysis (DiMaggio and Powell 1983).

The problem with learning from others is that it assumes not only the ready availability of institutional alternatives but also that these alternatives are easily understood and transmitted. The inference that such alternatives will replace the existing institutions if they do a better job of producing collectively beneficial outcomes is problematic. While one might argue that the positive results of the Irish model of adjustment through social pacts might have served as a reference point to the social partners in Slovenia who successfully concluded a series of social pacts in the 1990s, two important questions remain unanswered: Why were such solutions not chosen everywhere where adjustment is needed, for instance in Germany? And how can we explain the breakdown of such solutions in some cases even though they seem most capable of achieving efficient social outcomes? For instance, the experience in Poland reveals that despite similar adjustment needs (e.g. the preparation for EU, possibly even EMU membership), actors failed in 2003 what they did ten years before and were unable to reach a cooperative solution. The outcome may be sub-optimal for everybody involved (Avdagic et al. 2005).
Learning from others must involve in-depth understanding of the context from which the program is inspired. True benchmarking requires (a) collection of data on outcomes and policies that lead to them; (b) study of how policies leading to these outcomes actually work; (c) some determination about whether the institutional environment surrounding the policy is similar to that of the observed organisation or system. However, this should not limit the search for alternatives to countries with similar institutional or political settings. The fact that in labour markets member states face often ‘wicked problems’ that must be tackled across different institutional settings and policy domains within countries, has implications for learning and benchmarking. It does not seem meaningful to focus scoreboards on single variables or limit comparisons only to ‘most similar systems’ of work and welfare institutions. Since these settings are different anyway, within countries but also between countries, even when they appear similar, it may be more productive and inspiring to “learn from others” when the search for alternatives and solutions is extended to dis-similar settings. Whatever we learn from other countries (or other sectors) needs to be adapted anyway, so why not put diversity at a premium? The next step is to include those with ‘insider’ knowledge about how programs work and interact with the target population. This brings us to “learning with others”.

Learning with others

Benchmarking has become a catchword in any advisory body, organization or consultancy of name and is also increasingly used by national governments and international agencies. Together with “best practice learning” it has become standard repertoire in the post-Lisbon toolkit of the European Union. But what do we understand by benchmarking and best practice learning, and how useful is it? Does the use of scoreboards increase the risk of simplistic comparisons of policies out-of-context from which the wrong messages are picked up? Modern scholarship in institutional analysis has highlighted the importance of complementarities, i.e. instruments or institutions the effectiveness of which depends on the presence of other instruments or institutions (Orszag and Snower 1998; Hall and Soskice 2001). Reliable information over such finesses tends to be lost in international comparisons based on lists of variables or indicators. To the extent that benchmarking encourages a pick-and-mix approach, it may actually worsen social outcomes or direct ‘street level bureaucrats’ and other local agencies in the wrong direction, besides increasing frustration. We note also that it is easier to copy ideas and policy examples then to transfer the underlying power relations and institutional frameworks. In short, the outcome of international mimicking behaviour, stimulated by benchmarking, may strongly depend on how it is contextualized.

In its recent publications on economic policy reform, the OECD distinguishes between “superficial” benchmarking on outcomes and “deep” benchmarking on policy indicators with well-established links to performance. In other words, one needs first a good theory or analytical framework of how particular institutions and policies hang together before one can direct benchmarking to the right set of indicators or make inferences from ‘best practices’ to policy. In addition to better analysis and understanding, the OECD now calls for a combination of benchmarking with in-dept expertise before setting policy priorities. These are steps in the direction of contextualized benchmarking, as we have advocated when comparing the European Employment Strategy with the OECD Jobs Strategy (Hemerijck and Visser 2001). Here, we advocate a further step towards contextualised benchmarking from below. It embodies a process of learning with others, i.e. involving social partners and other relevant stakeholders.

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We think that intelligent benchmarking or “learning with others” must involve agencies, partners, local governments, and providers/users that deliver policies or are the target population. Stakeholders must be made responsible for defining context indicators with the purpose of evaluating their own performances on a continuous basis. This has also been called “learning by monitoring” (Sabel 1994) and is particularly useful when there are no agreed standards, problems are poorly understood and experimenting with new approaches is called for. Its purpose is that it helps to mobilize pressure and knowledge. Acknowledging the notions of “wicked problems” and crosscutting issues in today’s welfare state and labour market reforms is crucial. As a result, it becomes untenable to separate conception from execution, means from ends, and global from local knowledge. Through experimenting, policy-makers, suppliers and users of services exchange views and monitor delivery, and through this collaborative exercise they achieve better knowledge about what works and what does not. Benchmarking performance and the combination of policies and institutions behind it, puts pressure on local or as the case may be national policy makers and agencies to achieve better results or improved efficiency, and it allows for meaningful comparison and, perhaps, diffusion of good practice across local units or EU member states.

Social partner initiatives regarding flexibility and security:

According to the “2005 Report on Social Partner Actions on Employment in Member States”, of the ETUC-UNICE/UEAPME-CEEP, published on 22 March 2005, social partner actions included the following initiatives.

Bilateral:
- national social partners’ discussion on fixed-term work (Austria), on the high level of temporary work (Spain), the implementation of new forms and ways of employment (Cyprus) and the reform of part-time work contracts (Luxembourg);
- social partners’ negotiations on a code of practice on access to part-time work (Ireland);
- relaunch of the Investors in People standard, and award for employers committed to upskilling (UK);
- sector agreements on various forms of work such as part-time, work-entry contracts, apprenticeship (Italy);
- actions at company level to promote flexible forms of employment (Czech Republic and Poland) and flexible working patterns (UK)

Tripartite:
- measures defining the participation of social partners in applying mechanisms of non-standard working schemes (Czech Republic);
- a law on temporary work, providing the better protection of temporary workers, initiated by social partners and broadly discussed in the relevant national tripartite body (Poland);
- a future research study regarding the needs and preconditions for introducing flexibility in the labour market (Cyprus)

Questions?
Did they learn? From others? With others? Do social partners exchange information only on reforms that happened or also on those that did not happen? How is information shared with other actors (central and local governments, professional bodies, agencies, firms, members)? What investment is there in “uploading” information and experience?
Puzzling and powering

"Politics finds its sources not only in power but also in uncertainty – men collectively wondering what to do. (...) Governments not only ‘power’ (...); they also puzzle” (Heclo 1974: 305). Puzzling” is the diagnosis of problems and failures and how to overcome them. It involves also “the play of ideas” about understanding causes, solutions and ways to gain support for the preferred or feasible solutions. Benchmarking, as we see it and if used wisely, can help in that play of ideas and install a sense of urgency. Powering is about getting the relevant issues on the political agenda and mobilizing support for the selected solutions (Figure 1).
The choice of problems and what to place on top of the agenda is foremost a political issue. We call this powering about puzzling, as in Figure 1. Politicians may exploit a crisis or bad notes in an international comparison as a “window of opportunity” to get a particular problem on the agenda. Policy solutions may lay dormant. Think tanks, expert committees and joint councils may have worked on solutions that can be proposed when the urgency to address the problem is felt and communicated. Less important is puzzling about powering or learning not just about the nature of the problem and what to do about it, but about how to create the conditions and coalitions to adopt and implement reform. “Thus, besides problem-centred substantive learning, when analysing policy change we must also consider the distinct form of political learning, centred on consensus and interaction issues” (Ferrera and Gualmini 2004: 25).

Heclo thought that puzzling was foremost a matter of policy elites. “Only relative small groups of people have provided the vital new source of domestic and international intelligence in the social policy process (1974: 319).” He saw interest groups and societal organizations as veto groups rather than as initiators of particular approaches and alternatives. In our study of labour market and welfare changes in the Netherlands we have argued that, under particular conditions, in corporatist systems, like the Dutch one, part of the puzzling takes place amongst the social partners (Visser and Hemerijck 1997). Culpepper (2002) argues that successful reforms often depend upon the capacities of interest associations (or representatives of service users) to provide two types of information not readily available to the state: technical expertise and relational information about how the heterogeneous preferences of group members can be reshaped into workable majorities in favour of reform. Such reshaping requires often some form of democratic process and deliberation within intermediary organization that are trusted by members (Baccaro 2003) – a quality that is highly important when the motives behind reform proposals of the state, for whatever reasons, are not trusted.

The informational logic in social pacts or private-public partnership is particularly relevant when the issue is not to demobilize the opposition against reform, but to mobilize their support and knowledge. In the traditional incomes policy pacts of the 1980s, and in some pension reforms of today, demobilisation of militant unions or groups may be the issue and that is why such pacts are characterized by the logic of exchange, offering some compensation to make up for the costs and allow mainstream unions to support reform. However, in issues such as finding apprenticeships and work for young people, increase the chances for the handicapped, improve investment in employability and continuous vocational training, or innovating an area or city in industrial decline, the issue is foremost how the “goodwill” of employers and unions can be mobilized alongside the knowledge of local agencies and the people involved.
Flexicurity (Netherlands) and Vocational Training (France)

The background of the Flexicurity reform in the Netherlands lies in the problem that before 1999 a second consecutive fixed-term contract was treated as an open-ended employment contract that could not be ended without prior permission from the public employment service (or by paying a high severance claim). There were two ways around this rule. If a month lapsed between two contracts, they were not considered consecutive. Meanwhile the worker continued doing the same job based on a contract with a Temporary Work Agency (TWA). From early 1990s the courts began to restrict this ‘revolving door’ construction. The second escape route required a derogation clause by collective agreement. Under pressure of high (youth) unemployment in the 1980s the unions had been willing to do that but later they became unhappy and feared the development of a secondary labour market. A new approach was needed. The government took the first step with the publication of a Memorandum (1995) under the very title Flexibility and Security, calling for a new balance. The Labour Foundation (the joint body of central union and employers’ organizations, without the government) responded with a unanimous advice. This so-called Flexicurity Agreement (1996) became the basis for a legal overhaul in 1999. The Foundation referred to its New Course agreement (1993), which advocated a decentralised approach and embraced the aim of promoting the labour market participation of women, young people, older workers and ethnic minorities (Visser, 1998b). In its advice, the Foundation used a covenant drawn up by the trade unions, the central employers’ association and Randstad, the largest firm in the agency business. This covenant proposed a stage-model in which temp workers acquire more rights with length of service, a model that was later implemented in the collective agreements for temp workers of 1999-03 and 2004-07.

The new article 7:668a Civil Code allows three consecutive temporary contracts that can be ended without the need to give notice, as long as they are within three years. The fourth contract or a consecutive contract that exceeds a total working period of 36 months from the start, or 18 months with the same agency, changes automatically in a regular contract with dismissal protection. The ‘revolving door’ construction is disallowed: contracts that follow each other within three months are considered consecutive even if the employer in the second case is a TWA and the job has changed. To increase the security of temp workers, they are brought under labour law and TWAs must now assume employer responsibility. After an initial period of up to six months, the same rights (except dismissal protection) apply to temp workers as to employees with standard employment contracts. Particular types of freelance work, standby jobs or call contracts are discouraged. In order to limit the demand for social security the eligibility period for unemployment insurance of temp workers is lengthened and the development of a separate pension fund is encouraged (currently covering 50-60 percent of temp workers). Under the 1999-2003 agreement, covering the overlarge majority of temp workers, the budget for training was 0,2% of the total gross wage sum of the agency and under the 2004-2009 agreement they are entitled to an individual training budget.

Perhaps the most interesting feature of the Flexicurity Act is that it encourages unions and employers to reassess their situation and find customized solutions on a decentralized basis. Through the special legal technique of ‘mandated law’, which allows derogation from legal regulations by collective agreement, the legislator encouraged unions and employers to make a new assessment of their contractual strategies. This has encouraged a variety of negotiated and customized solutions usually following a stage model in which agency workers acquire more rights
when they stay longer in the same job or with the same employer or agency. This approach to negotiated flexibility relies on the capacity of trade unions to engage in “informational exchange” (Culpepper, 2002) bridging different interests and positions within their ranks. This is facilitated through the investment in good working relations and trust building between unions and employers, both centrally and within singular firms and sectors. In the Dutch case the regained prestige of the Labour Foundation within the legislative process since the Wassenaar agreement on wage moderation in 1982 did help (Visser and Hemerijck 1997).

The introduction of personalized vocational training rights is a more encouraging example coming from France. Reform of continuing vocational training was one of the issues considered under the Industrial Relations Reform initiative launched by French employers association MEDEF in 2000. Initially, negotiations on the matter broke down in October 2001, with the parties “agreeing to disagree”. Talks resumed in January and ended on 20 September 2003 with the conclusion of a national intersectoral agreement on employees’ lifelong access to training, signed by all principal unions, including the CGT. This in itself was a novelty in French industrial relations. In a previous attempt, in 1993, the government had taken the initiative and urged employers to negotiate agreements with the aim of creating para-public bodies at the regional level that could serve as counterparts for newly empowered regional governments in matters of vocational training for young people, using so-called “alternance” or dual work-training contracts. However, employers remained internally divided, with major sectors (like metal engineering) opting out, which meant that regional organizations remained underfunded and regional governments without a representative and authoritative interlocutor among employers. A government report of 1996 pointed to a crucial information gap faced by the regions in the light of “the weakness of sophisticated knowledge on the part of sectoral employers’ organizations”.

The new agreement makes room for a customization of training trajectories based on professional assessment by employers and the creation of an individual training rights for employment. A new tool is created, the so-called training passport, drawn up at the behest of the employee who takes responsibility for it, and listing the knowledge, skills and occupational aptitude acquired either in initial and continuing training or through professional experience. Existing training leave schemes remain unchanged and employees can save training credits (up to a period of six years), but they must seek agreement with employers about actual training and financing. There is a limited transferability of training rights, thus making the entitlement personal rather than company-based. This is a concrete step towards and investment in employment rather than job security. The agreement was given the force of law in May 2004, with the unions lamenting significant discrepancies. The law does however encourage sectoral negotiations to detail arrangements. Some 130 sectoral agreements on professional training were concluded between October 2004 and April 2005. These agreements seek to guarantee equal access and improve conditions for training in SMEs and for older workers, as well as transferability of training rights, but they do less well in defining training needs, probably because the sector is less and less an organizing unit and large firms tend to opt out from sectoral arrangements. Another obstacle is that during the difficult economic cycle in recent years training rights become rather easily sacrificed. The

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3 Careful econometric research, correcting for self-selection effects, shows that it is not clear whether agency work improves the chances of gaining a regular job. It does however lower the probability of unemployment and non-participation (de Graaf-Zijl, 2006).

evaluation study commissioned by the Ministry also notes that the means for joint action and social dialogues are often lacking.\(^5\)

**Conclusions**

There are several conclusions following from this paper. Perhaps, the point that needs most emphasis is that reform failures are ubiquitous, due to a combination of strategic uncertainty and 'wicked problems' arising from the interdependence of policy domains. From that, it follows that reform, or finding more satisfactory solutions for existing problems, requires serious puzzling, not only in the technocratic fashion of finding some way of alleviating the problem, but also about how to create support for reform over a longer stretch of time, across domains and among users. We have tried to argue that including the groups, levels of government, and organizations that are crucial for reform delivery (actual job placements, training, changing work schedules in organizations, etc.) is very important. We also argue that benchmarking and best practice learning is not a matter of scoreboards on some output or performance variables and that the value of top-down benchmarking is limited. We finish with a positive example that, we hope, illustrates the general point we have tried to make.

Reversing the trend to early retirement and the promotion of active ageing is one of the largest problems most European countries and labour markets face (see Guillemard 2003). To tackle this, one needs not only to phase out formal early retirement schemes (whether public or collectively agreed) and eliminate incentives to early retirement in pension and disability schemes, but also to invest in lifelong learning and continued training of incumbent workers, combat age discrimination by employers, redesign workplaces more ergonomically to reduce the physical stress on older workers, develop new arrangements for combining part-time work with pension benefits, and change public attitudes about the life course more generally. Once presented in this way, it is obvious that successful reform cannot come through one “voluntarist” big bang, pushed through by a powerful government. It requires instead a steady, but open and experimental, concertative, step-by-step approach, mobilizing the collaboration, commitment and local knowledge of all stakeholders. **Finland** is perhaps a good example here of how this is done, but perhaps there are others. In this case, however, one might learn as much from reforms that did take place than from those that did not, and it would in our view also be unwise not to study examples of reform failure or reform attempts that were abandoned.

**References**


