



# Aim of the paper

To offer a clear and systematic comparison of activation strategies directed towards minimum income recipients in 17 EU countries and 3 US states anno 2012

- Description of relevant activation instruments
- Which differences in activation emphasis between countries?
- Trade-off between financial incentives and other activation policies?

Presentation and assessment of trade-off: scores cf. Venn (2012), Hasselpflug (2005)



# Outline

- Literature: activation strategies
- Data
- Operationalization of activation strategy
  - Financial incentives, demanding elements, enabling elements
  - Coding framework
- Descriptive scores per dimension
- Discussion: what elements do (groups of) countries emphasize within the overall activation strategy?
- Future refinements



# Activation strategies

= Combination of instruments used to activate benefit recipients

- Immervoll and Scarpetta (2012: 14) “activation and employment supports are best seen as a package of policy tools, including financial incentives, obligations of job seekers, and programmes that address specific employment barriers on the supply and demand side. To characterise countries’ overall activation stance, it is useful to examine how they differ in terms of the balance of these different measures”
- Assessment necessary to (in the end) evaluate links between policies and effectiveness of overall policy package



## Earlier comparative research of activation

- Minimum income schemes
  - Eardley et al. (1996), Immervoll (2009): detailed documentation of eligibility criteria and financial incentives
- Unemployment insurance
  - Hasselpflug (2005), Venn (2012): eligibility criteria → construction of overall strictness scores and subindicators
    - Immervoll and Scarpetta (2012)
    - Scores also used by Knotz (2012) in assessment of activation strategy welfare state



# Outline

- Literature: activation strategies
- Data
- Operationalization of activation strategy
  - Financial incentives, demanding elements, enabling elements
  - Coding framework
- Descriptive scores per dimension
- Discussion: what elements do (groups of) countries emphasize within the overall activation strategy?
- Future refinements



## Data: CSB MIPI

- CSB MIPI: expert sourced data set on different types of minimum income protection
  - EU27 and three US states (NEB, NJ en TEX)
  - See also Van Mechelen et al. (2011) and <http://www.centrumvoorsociaalbeleid.be/index.php?q=node/3270>
- Standard simulations of net income at SA and FT MW employment, 2012
- Questionnaire on activation policies
- Focus: 35 year old healthy male adult



# Data: the CSB-MIPI database

Time limits	Intermediary and life time limits Renewal of application
Sanctions	Existence/Type/Frequency
Activity requirements	Existence/Type
Activation programmes (most prominent per type: training, SE private and public, workfare)	Aim/Target group/Mandatory/ Duration/ Governance level/ Number of participants
Reasonable job concept	Criteria
Profiling systems	Existence/Description
Care	Existence/ Type/ Administration
Earnings disregards and back to work bonuses	Level



# Limitations

- Legislation may be vague
  - Decentralization
    - Information refers to large city within country
      - In some countries large within country variation on particular activation instruments: e.g. DE, BE
  - Discretionary implementation
    - Typical case: 35 year old male healthy adult
- Respondents are academics





# Outline

- Literature: activation strategies
- Data
- Operationalization of activation strategy
  - Financial incentives, demanding elements, enabling elements
  - Coding framework
- Descriptive scores per dimension
- Discussion: what elements do (groups of) countries emphasize within the overall activation strategy?
- Future refinements



# Dimensions

- Demanding → impose behavioural constraints on continued benefit receipt in order to structure and monitor behaviour
  - E.g. job search requirements (e.g. register with PES), take up suitable job offers, participate in ALMP, ...
- Enabling → provide beneficiaries with the resources necessary for self-sufficiency
  - E.g. human capital formation, bridge services, coaching...
- Financial incentives → ensure financial gain when taking up employment vis à vis benefit receipt
  - E.g. earnings disregards, back to work bonuses, high minimum wages, low benefits, ...



# Coding framework

- Following Hasselpflug (2005) and Venn (2012)  
→ numerical scores
- Advantages:
  - easy to interpret and to present
  - systematic assessment of various dimensions in combination
- But: rank orders, loss of information

# Coding framework



	Selected indicators	Score	Description
Demanding	Demands on occupational mobility	1	Formal occupational criteria to refuse job offers
		2	No explicit occupational criteria, though claimant's skills and qualifications are taken into account
		3	No occupational criteria to refuse job offers
	Demands on geographical mobility	1	Max 2 hours commuting time or 30 kms
		2	More than 2 hours commuting time or 30 kms
		3	No criteria to refuse job offers
	Other valid reasons for refusing job offers	1	More than one other reason
		2	One other reason
		3	No other reason
	Sanctions (based on most severe sanctions for first activation related infringement)	1	Benefit reduction of less than 50%
		2	Benefit reduction of more than 50% (incl. suspension or termination) during 1 month max
		3	Benefit reduction of more than 50% during more than 1 month
Time limits	1	Eligibility/benefit levels unrelated to duration	
	2	Benefit levels related to duration	
	3	Time limit on eligibility	
Enabling	Types and range of ALMP	1	Less than 3 types, none of which includes training
		2	Less than 3 types, of which one includes training
		3	A variety of three types of ALMP (includes training)
	Care (bridge services)	1	Less or equal to 3 out of ten services available and likely
		2	4 - 6 services out of ten available and likely
		3	7 - 10 services available and likely

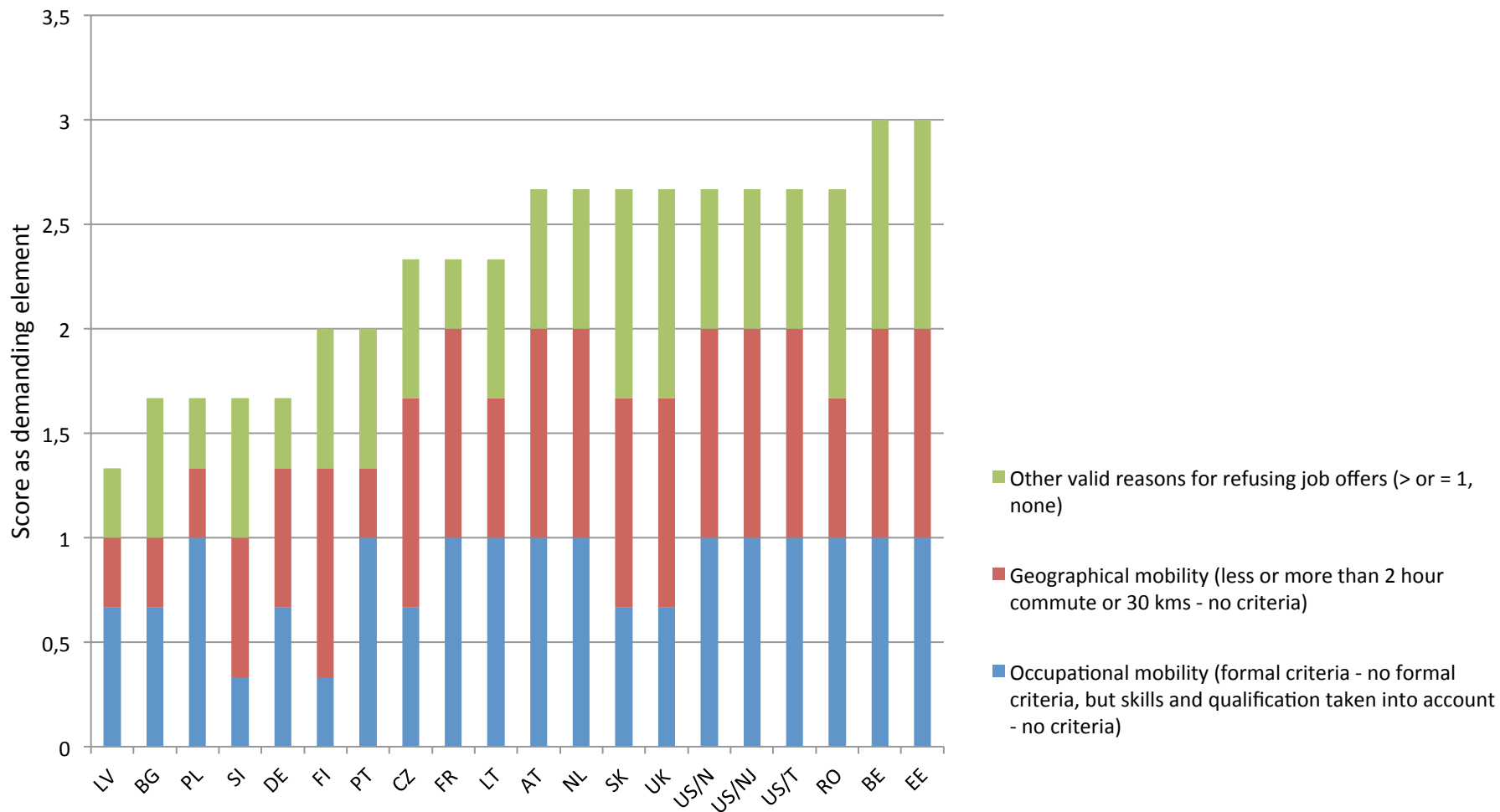


# Outline

- Literature: activation strategies
- Data
- Operationalization of activation strategy
  - Financial incentives, demanding elements, enabling elements
  - Coding framework
- Descriptive scores per dimension
- Discussion: what elements do (groups of) countries emphasize within the overall activation strategy?
- Future refinements

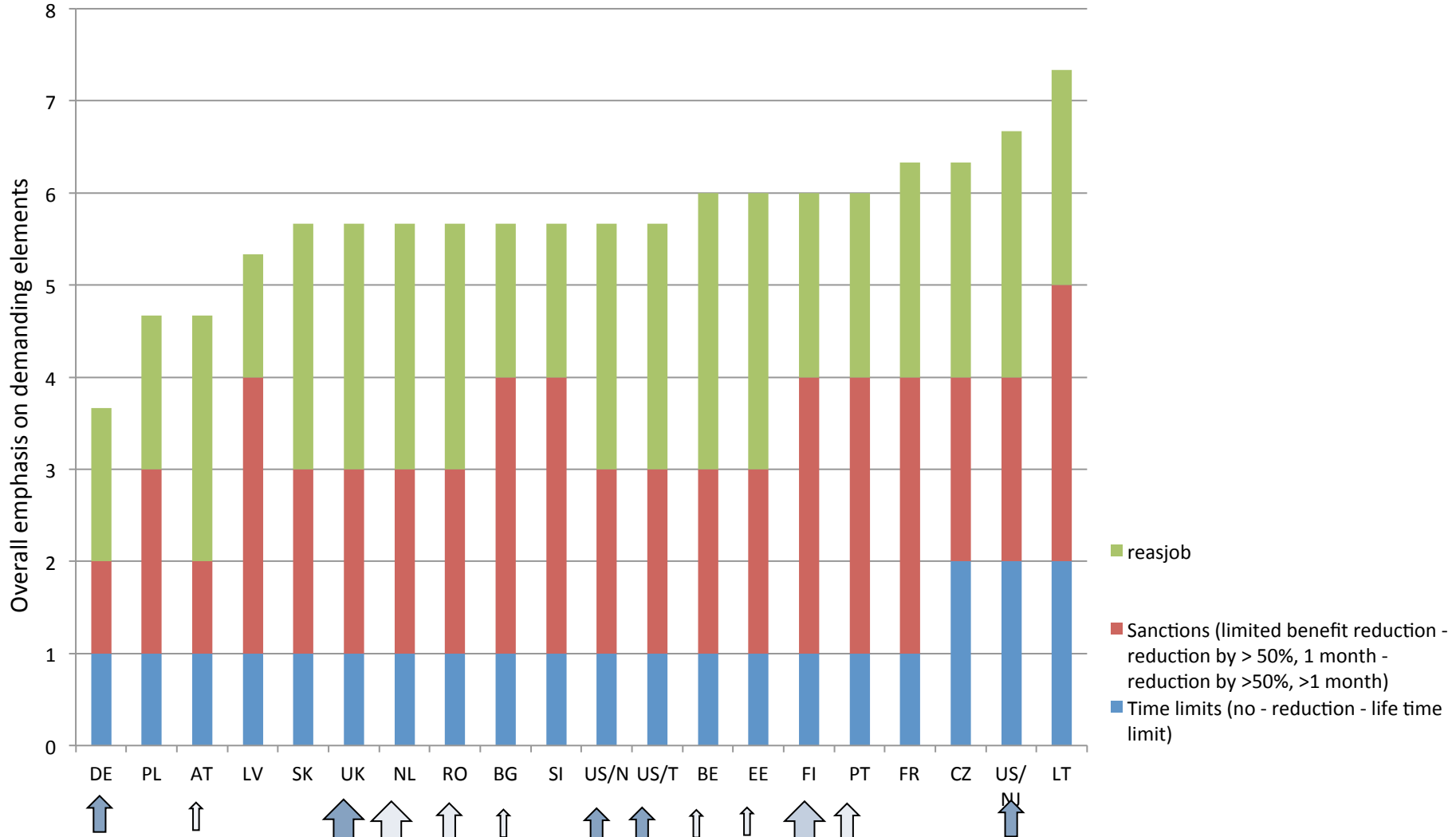


# Demanding: reasonable job





# Demanding dimension

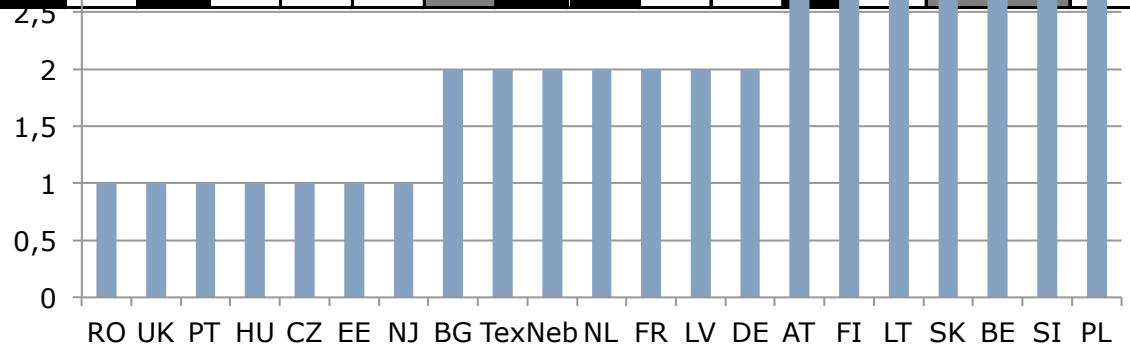




# Enabling: bridge services

	AT	BE	BG	CZ	DE	EE	FI	FR	HU	LT	LV	NL	PL	PT	RO	SI	SK	UK	Neb	NJ	Tex	
Advisory services in financial matters																						
Housing support																						
Psycho-social support																						
Infrastructure (internet, PC's,...)																						
Job counselling																						
Legal assistance																						
Health care																						
Child care centre (free or reduced rates, priority access)																						
Transport																						
Leisure																						

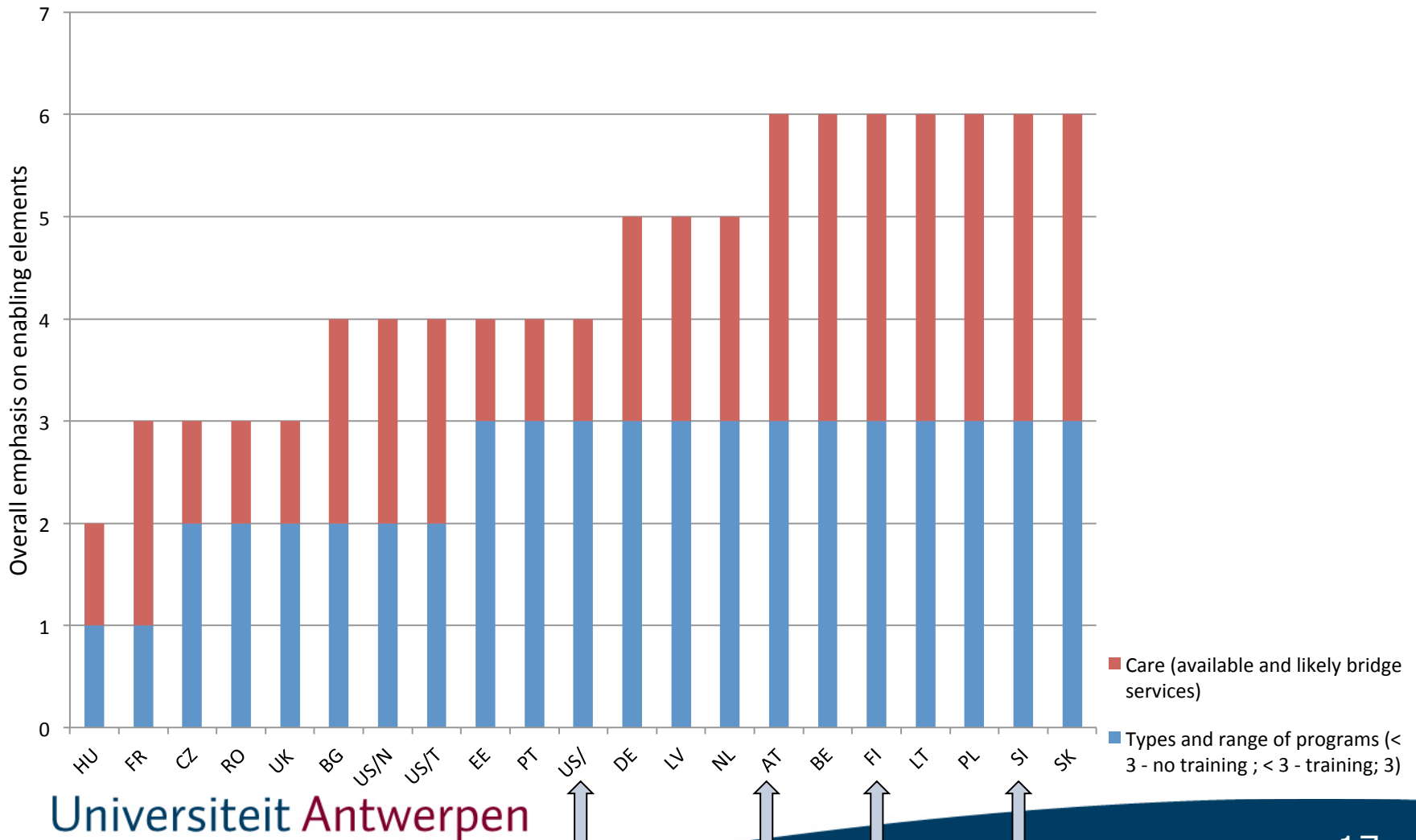
score as enabling element





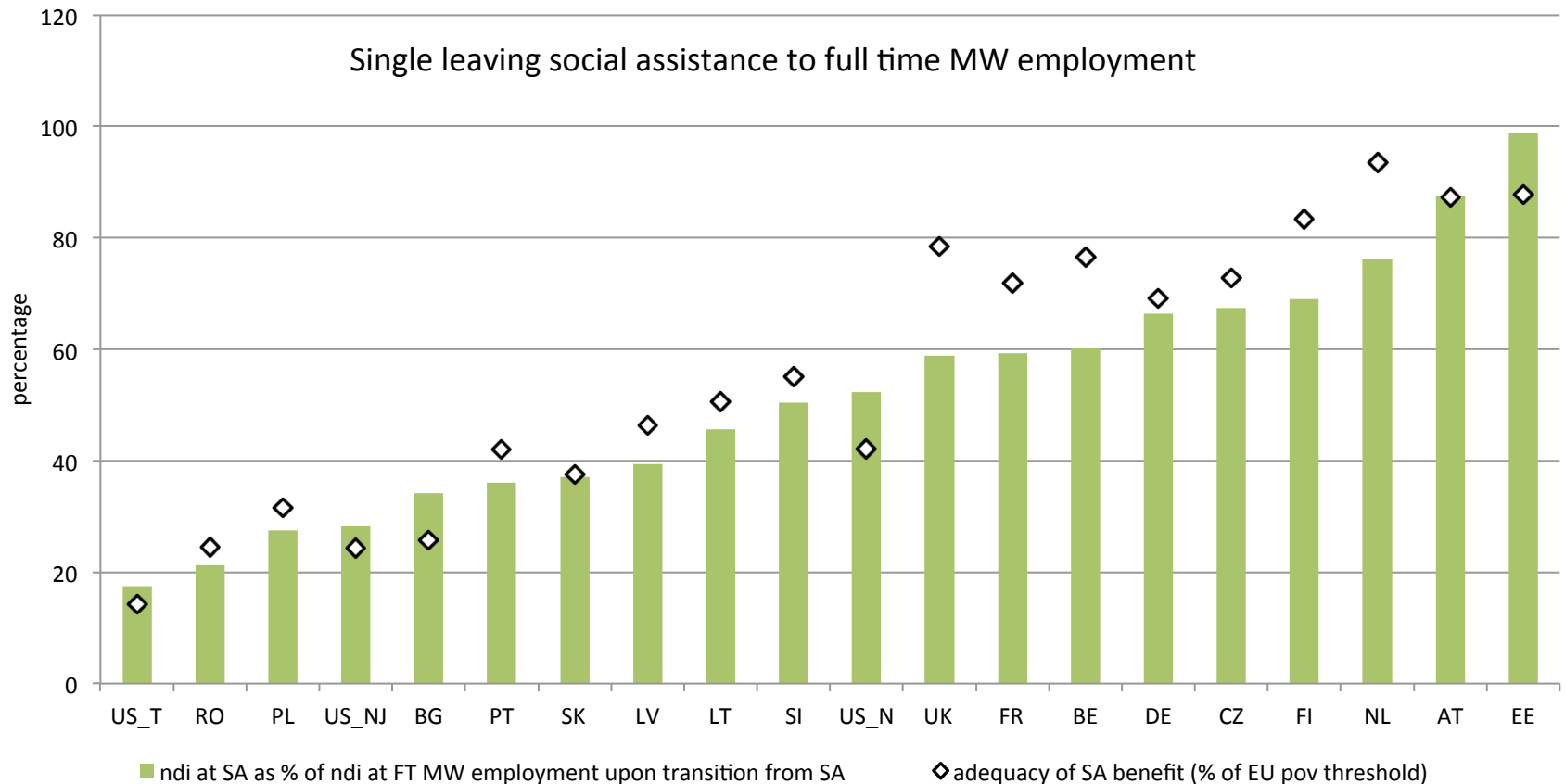


# Enabling dimension





# Financial incentives



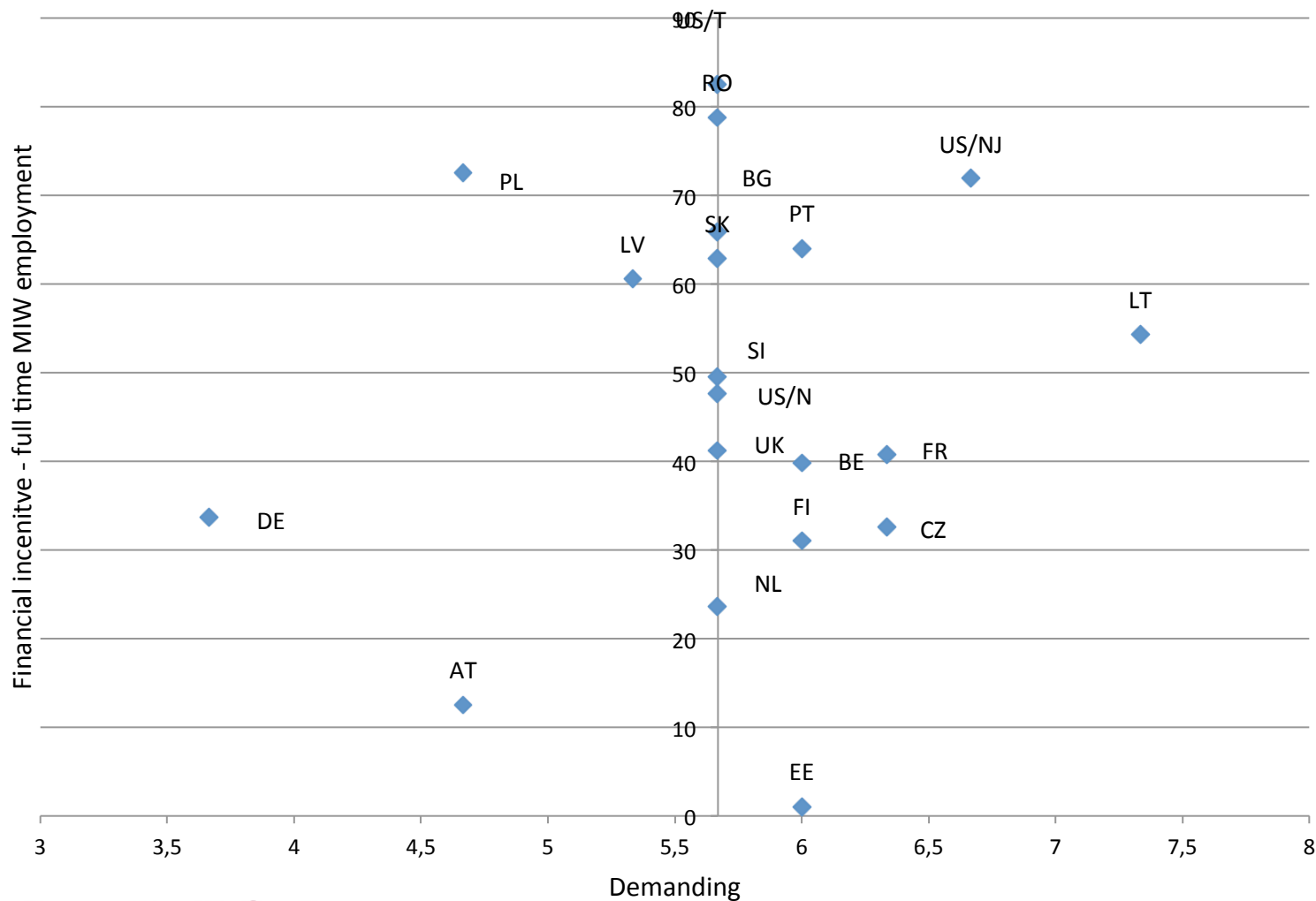


# Outline

- Literature: activation strategies
- Data
- Operationalization of activation strategy
  - Financial incentives, demanding elements, enabling elements
  - Coding framework
- Descriptive scores per dimension
- Discussion: what elements do (groups of) countries combine and emphasize within the overall activation strategy?
- Future refinements

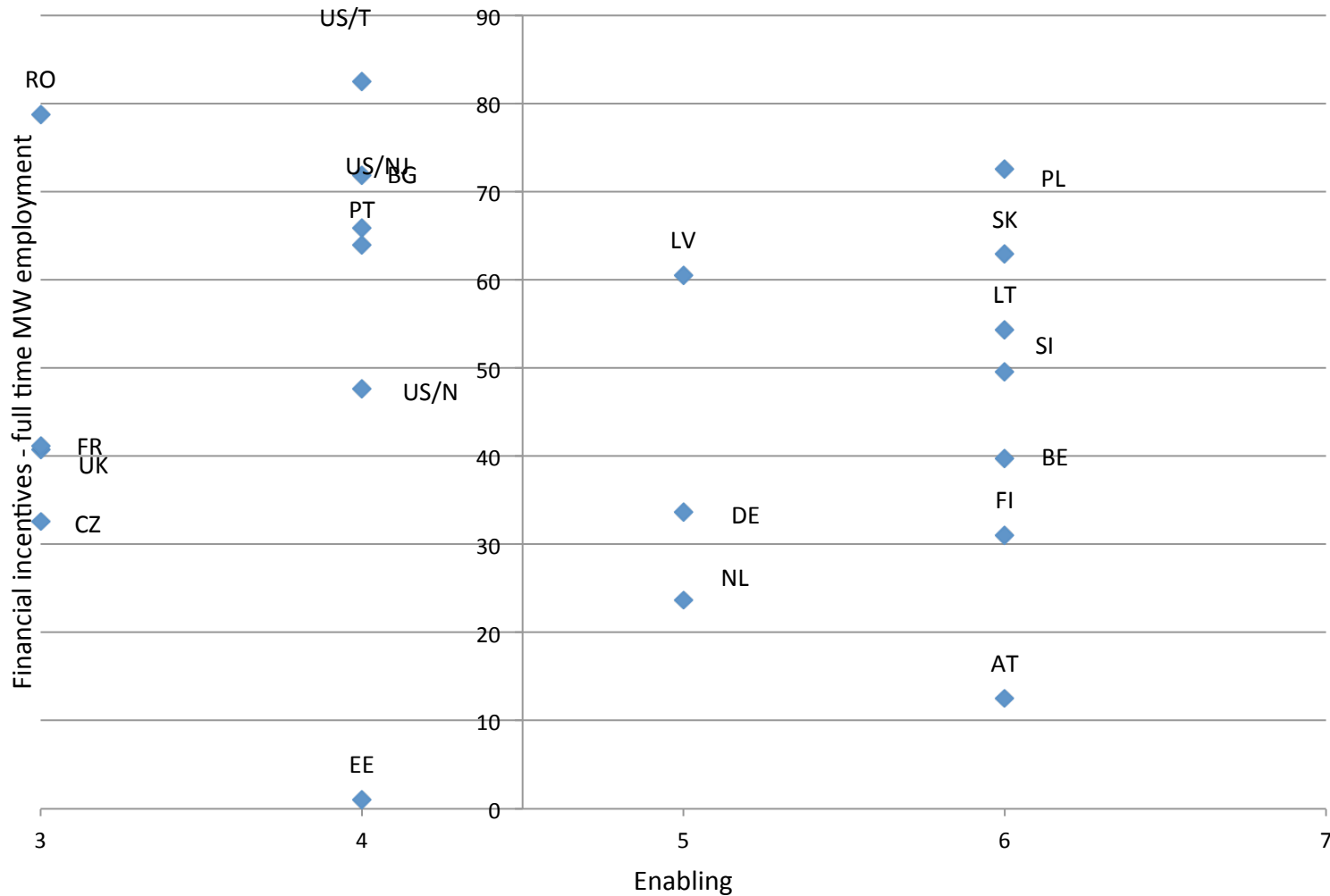


## Low financial incentives not always compensated by an emphasis on demanding elements



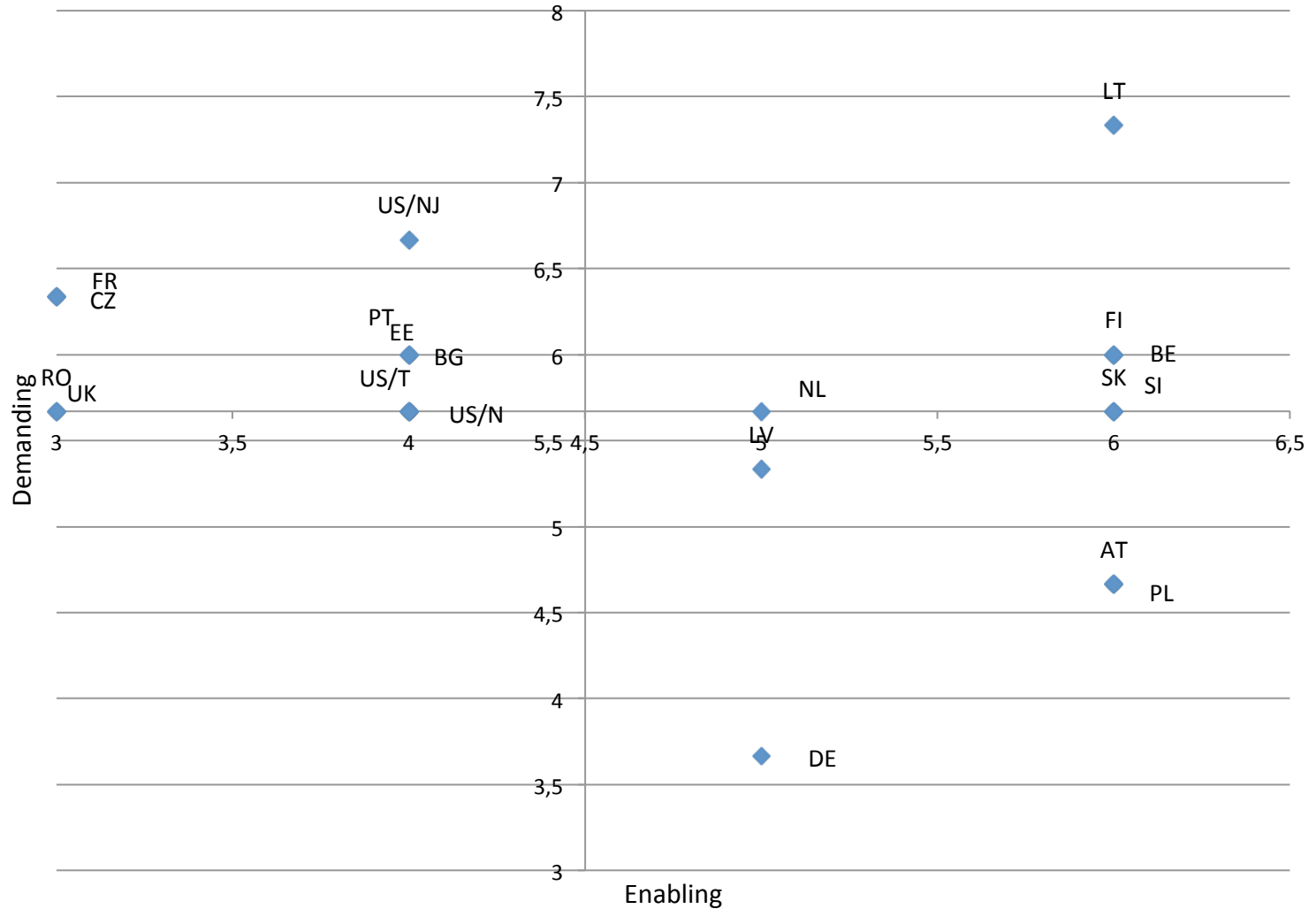


# More generous countries are not in general more enabling





# No countries that are neither demanding nor enabling





## Overall, countries combine the elements in different ways

- Enabling and not demanding
  - Low financial incentive: AT
  - Moderate financial incentive: DE
  - High financial incentive: PL
- Enabling and demanding
  - High financial incentive: SK, SI, LT<sup>+D</sup>, LV<sup>-E</sup>
  - Moderate financial incentive: BE, FI
  - Low financial incentive: NL<sup>-E</sup>
- Not enabling and demanding
  - High financial incentives: Tex, NJ<sup>+D</sup>, PT, BG, RO
  - Moderate financial incentives: Neb, UK, CZ, FR
  - Low financial incentive: EE



## Next steps

- Refine operationalization of dimensions
  - Demanding: workfare elements
  - Calibration of scores and robustness
- Applications:
  - Changes 2009-2012 in activation stances
  - Refine scores into variables
- Link with outcomes?





Thank you for your attention