

**InFocus Programme on Social Dialogue,  
Labour Law and Labour Administration**

**The Changing Role of Labour Ministries: Influencing Labour,  
Employment and Social Policy**

**Jason Heyes**

**International Labour Office – Geneva**

**August 2004**

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Jason Heyes

*The Changing Role of Labour Ministries: Influencing Labour, Employment and Social Policy*

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## Foreword

The International Labour Office (ILO) has a long-standing commitment to strengthening labour ministries with the overall goal of enabling these ministries to make significant inputs into broader economic and social policy-making as well as carrying out their regular functions with greater efficiency and impact. Labour ministries are the main interlocutors between the ILO and the governments of the ILO member States. The ILO relies on the labour ministries, as well as the social partners, to highlight the importance of the ratification and implementation of ILO Conventions. It is also normally the labour ministry that has the main responsibility at national level for ensuring that the social partners have a place in policy-making and are recognized by governments as key economic and social actors. Greater consistency between economic and social policies and wider participation in the formulation of economic policies are essential to achieving the ILO's global goal of *Decent Work*.

The report of the World Commission on the Social Dimension of Globalization entitled *A Fair Globalization* emphasized the importance of developing national capabilities for good governance:

We strongly believe in the fundamental importance of good governance in all countries at all levels of development for effective and equitable participation in the global economy. The basic principles, which we believe must guide globalization, are democracy, social equity, respect for human rights and the rule of law. These need to be reflected in institutions, rules and political systems within countries, and respected by all sectors of society.

Within this broad framework of promoting good governance at national level, labour ministries have a pivotal role as they can influence governance from the level of the workplace to the wider labour market and at national level. This Paper documents how labour ministries in a number of countries have adapted and responded to the current challenges using new methods of performance management and evaluation, evidence based policy-making and other public administration reforms. The paper also examines how social dialogue at national level has played a positive role in this public policy and institutional reform process.

The InFocus Programme on Social Dialogue, Labour Law and Labour Administration (IFP/DIALOGUE) views this Paper as a contribution to the on-going discussion about the changing role of labour ministries. It hopes that the examples of good practice highlighted in this paper will stimulate labour ministries in different countries to reflect on their own situations and encourage them to develop innovative responses to the challenges they are facing. It is a matter for each ministry of labour, in consultation with the social partners, to find their own path to reform. The examples in this paper may provide a useful starting point for such reflection.

I would like to take this opportunity to express my sincere appreciation to the author of this Paper, Dr. Jason Heyes, Senior Lecturer in Industrial Relations, Leeds University Business School, and to Georges Minet, Senior Labour Law Specialist, IFP/DIALOGUE, who coordinated this study.

Patricia O'Donovan  
Director  
InFocus Programme on Social Dialogue  
Labour Law and Labour Administration

August, 2004



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## 1. Introduction

Attempts to describe, explain and compare the role of labour ministries in different countries face a number of challenges. First among these is the fact that the functions normally associated with labour ministries are distributed across national systems of public administration in different ways – indeed some countries lack a government body that can meaningfully be described as a Ministry of Labour. Secondly, national political economies and their development over time vary considerably, as do the objectives of national governments. The task of comparing the respective degrees of success with which different labour ministries reach their objectives is therefore made more difficult to the extent that policies and policy goals may differ substantially. Thirdly, and related to the preceding point, the form, function and influence of labour ministries at any time can only be adequately grasped if broader economic, social and political factors are taken into consideration. To give one example, the extent to which labour ministries act to promote the interests of workers is dependent on the extent to which the State regards the interests of workers as legitimate and the balance of social forces.

Despite the complexity, it is possible to identify social, economic and political factors that exert similar influences in different countries. With regard to the developed economies, for example, a number of commentators have examined challenges to the systems of collective welfare provision that developed in the second half of the twentieth century. Jessop (2002), for example, argues that a tendential shift is taking place away from the “Keynesian national welfare states” (KNWS) that developed in Western Europe, the US and elsewhere in the 20<sup>th</sup> century, towards what he terms “Shumpeterian workfare post-national regimes”. One characteristic of the new regimes is the “increasing subordination of social policy and collective consumption to the discursively constructed needs of the economy” (Jessop 2002: 248). Unlike the KNWS, which was intended to extend social rights, the SWPR involves the creation of conditions that benefit business, the development of skills, knowledge and innovative capacity, cuts in social expenditure and a commitment to ensuring the flexibility of labour markets. National governments have also, to different degrees, sought to refashion the relationship between paid work and welfare by restricting entitlements to benefits and making those entitlements conditional on participation in the labour market. Such measures are associated with an increased emphasis on “active” employment policies. According to the OECD, active labour market measures have two underlying principles:

First, they make receipt of benefits conditional on the benefit recipient demonstrating active job search and/or a willingness to take steps to improve employability. Second, they provide a range of pre-employment services and advice to help the individuals in question find work or get ready for work (OECD 2002: 9, cited in Daguette 2004: 42).

Clasen and Clegg (2003: 362) point out that the term “activation” has been transposed from a Scandinavian context, where it has traditionally referred to policies designed to improve the education and skills of the unemployed, and is now used to indicate policies that “are aimed uniquely at switching emphasis from ‘passive’ benefit payment to ‘active’ programmes of labour market integration”. Associated with the shift towards active employment measures is a concern with the “employability” of workers. The concept of “employability” encapsulates the belief that education and training are fundamental to economic performance and are also the critical determinants of the ability of workers to find jobs. This analysis has found favour with national governments and supranational organizations, in particular the OECD. The implication is that social and labour market policies should focus on supply-side measures designed to enhance the skills of workers. Job creation measures of a Keynesian kind, which tend to focus on the demand side of the economy, tend to be presented as outmoded and expensive.

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National governments and supranational organizations, such as the International Monetary Fund (IMF), have also espoused the benefits of creating more flexible labour markets. Typically the focus of the argument is on the individual and collective employment rights of workers. Neo-liberal analysis holds that employment rights can act as a fetter on economic and employment growth by discouraging hiring, slowing down the pace of technological and organizational change and discouraging inward investment by transnational corporations (TNCs). The necessity of flexible labour markets is said to have increased as a result of “globalization”, which is presented as an impersonal, inevitable and largely ungovernable force. Proponents of this analysis typically argue for, at best, limited forms of protection and for a weakening of labour protection where it is relatively well developed. In this context, the interests of workers may be presented as incompatible with goals such as increased investment, enhanced business confidence or lower costs of production.<sup>1</sup>

The influence of neo-liberalism is also reflected in attempts that have taken place in many countries to reform systems of public administration. These reforms have been encapsulated by the term “New Public Management” (NPM). As Wollmann (2001) notes, the NPM agenda asserts that the public sector (including public administration) needs to be modernised via the adoption of micro-management practices from the private sector.

The rise of NPM to international discourse hegemony was politically and ideologically fuelled, in key countries such as the UK and the US, by political actors in their pursuit of neo-liberal and neo-conservative policies. Its ascendancy in the international discourse arena has been further pushed by influential international organizations, such as Organizations for Economic Cooperation and Development (OECD), the International Monetary Fund (IMF) and the World Bank, that have propagated NPM as the globally applicable formula for building modern government and administration (152).

In a similar vein, Reigner (2001: 183) has summarized the context in which the NPM has emerged:

Neo-liberal ideology has challenged the effectiveness and the legitimacy of the state and public services [...] The “public” concept is no longer seen as superior to the values of the private sector: evaluation, efficiency, optimums, the new public management and the modernisation of public services have been presented as necessary elements in the adaptation of the role of the state.

The ideas associated with the NPM have proved attractive to parties from across the political spectrum. As Jann (2003: 110) points out, arguing with reference to the German experience, a government “‘that works better and costs less’ offers something for every tradition”. However, countries vary in the extent to which they have adopted practices associated with NPM. Where such practices have been adopted, however, it is possible to point to some common themes. Ministries are, for example, being encouraged (or required) to set aims and objectives for policies and programmes and evaluate the effectiveness of policy interventions. Emphasis is also being placed on the desirability of more effectively coordinated policy development and service delivery, encapsulated by the concept of “joined-up government”.

The purpose of this report is to identify established and emerging practices in respect of policy-making in the areas of employment, labour issues and social protection. Drawing

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<sup>1</sup> As Lee (1997) notes, the influence of the neo-liberal analysis of the consequences of labour market regulation has spread beyond the industrialized economies to the developing economies. He also notes that “a major factor behind this propagation is that labour market deregulation has increasingly come to feature in the policy conditionality of structural adjustment programmes” (Lee 1997: 175).

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on evidence from a number of countries, the report examines how different national governments perform their policy and administrative functions. The report draws on interviews conducted with civil servants in the Czech Republic, Germany, Ireland and UK. It also draws on findings from a number of national studies commissioned by the ILO in 2001.

The following section describes how responsibilities for policy-making are distributed in different countries and how new approaches to employment and welfare issues have encouraged a redistribution of policy responsibilities and, in some countries, a weakening of the traditional functions of labour ministries. Section 3 examines some of the influences that shape domestic policy agendas, focusing in particular on the process of policy transfer. Section 4 explores the ability of governments to engage in evidence-based policy-making. It identifies a number of good practices, as well as problems that can beset the policy development and evaluation process. Evidence-based policy-making has been associated with public administration reforms and an increased emphasis on performance measurement. These issues, and their implications for labour ministries, are examined in Section 5. Section 6 is concerned with the extent to which governments and ministries seek to involve the social partners and other agencies in the policy development process. The final section, Section 7, draws together the key findings and identifies examples of “good practice” and also potential problems that policy-makers may confront.

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## 2. Labour ministries: change and continuity

### 2.1. Integration of welfare and employment concerns

The manner in which responsibilities in respect of employment, labour and social protection policies are distributed varies considerably between countries. Responsibility for social security, for example, is entrusted to the ministry responsible for labour and employment issues in some countries but resides with a separate ministry in others. In the Czech Republic, for example, responsibilities for labour, employment and social protection are split between the Ministry of Labour and Social Affairs (MOLSA) and the Ministry of Health. In Poland, by contrast, responsibilities are concentrated in one Ministry. The Polish Ministry of Labour and Social Policy is composed of two divisions: labour and social security. The Labour Division is responsible for issues relating to employment and unemployment, industrial relations, working conditions, wages and benefits, industrial disputes, unions and employer organizations. The social security division covers issues relating to social insurance and resources, pension funds and social assistance (Boni 2002).

In many countries, an increased emphasis on active labour market measures and associated attempts to develop a closer link between welfare and employment policies have encouraged a merging of ministries. In Japan, for example, the Ministry of Health, Labour and Welfare is responsible for labour policies, employment and social protection, including medical care and pensions (Goto 2001). The ministry was formed in 2001 as a result of a merger involving the Japanese Ministry of Labour and the Ministry of Welfare. According to Goto (2001: 31) these two ministries had tended to disagree about key social issues. The merger has apparently facilitated the development of a more coherent approach towards social and labour issues (*ibid.*).

In New Zealand, the Employment Service and Benefits Agency have been brought together under a Minister of Social Services, Work and Income (Aldrich 2000: 6). This development coincided with an attempt by the Government to make entitlements to unemployment benefit more dependent on the willingness of the unemployed to engage in community work or training. Similarly, the UK Government in 2001 created a Department of Work and Pensions (DWP), which took over responsibility for social security and employment policy. This development followed the introduction of “New Deal” programmes for the unemployed, which link benefit entitlements to the willingness of unemployed individuals to take up one of a limited set of options, including training and subsidized employment.

A final example is provided by Germany. Until recently responsibility for social security and employment rested with the Federal Ministry of Labour and Social Affairs. However, in 2002 a new Federal Ministry of Economics and Labour<sup>2</sup> (BMWA) was created. The new Ministry took on responsibility for labour law and employment, as well as the policy areas for which the Ministry of Economics had previously been responsible.<sup>3</sup> Responsibility for social security (e.g. pensions) was transferred to a new Ministry of Health and Social Security. However, responsibility for unemployment benefit was

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<sup>2</sup> Bundesministerium für Wirtschaft und Arbeit.

<sup>3</sup> The Ministry has approximately 1800 personnel. Of these, no more than 300 come from the old Ministry of Labour and Social Affairs. Within the new ministry, the Labour Market and International and European Employment Affairs Directorates each have approximately 100 members of staff. The Labour Law Directorate has approximately 95 members of staff.

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retained by the Ministry for Economics and Labour. The overriding concern of the new Ministry is to

lay the foundations for economic prosperity in Germany spread broadly throughout the population. Derived from this overriding interest are various objectives that stand as guides for economic policy measures. These include:

- A high level of employment
- Sustained opportunities for the German economy to grow and compete with other economies
- Social security
- The promotion of new technologies and innovation to maintain the economy's competitiveness
- The linking of economic and ecological goals
- Intensification of the worldwide division of labour and a free system of world trade
- Economic assistance to Germany's new state ([www.bmwi.de/Navigation/Service/english.html](http://www.bmwi.de/Navigation/Service/english.html)).

Mergers of the kind described above may result in an increase in the influence of labour ministries. In the Japanese case, for example, Goto (2001) argues that prior to being merged with the Ministry of Welfare, the status of the Ministry of Labour was lower than that of most other ministries and that typically the Minister of Labour would be a relatively junior politician. The merger, according to Goto, has enhanced the status of the new Ministry of Health, Labour and Welfare. Similarly, the merger of Germany's Ministry of Labour and Social Affairs and the Economics Ministry has resulted in the creation of a more powerful ministry. In formal terms, the four key ministries in Germany are the Ministry of Foreign Affairs, the Ministry of the Interior, the Ministry of Justice and the Ministry of Finance.<sup>4</sup> The Ministry for Economics and Labour comes fifth, whereas the former Ministry of Labour had ranked seventh (Interviews). Wolfgang Clement, who has been the Economics and Labour Minister since the new "super ministry" was created, has also had an influence on measures that do not fall within his departmental remit. He was, for example, influential in persuading Hans Eichel, the Finance Minister, to bring forward to 2004, 15.6 billion euros in tax cuts that would otherwise have been implemented a year later (*Financial Times*, September 2003).

## 2.2 The changing status of labour ministries: Germany and the UK

In some countries, reforms of public administration have resulted in responsibility for labour issues residing with ministries that have responsibility for aspects of economic policy. In Germany, as noted, the Ministry of Labour and Social Affairs recently merged with the Ministry of Economics. In the UK, industrial relations and most forms of employment protection have been the responsibility of the Department of Trade and Industry since 1995. In principle, these developments might suggest that the conditions have been created to ensure that consideration is given to labour and employment issues in the formulation of economic and social policy. There is evidence to suggest that in both countries this has been the case. However, this has not resulted in a strengthening of the ability of the respective ministries to make and win arguments in favour of, for example, stronger forms of social protection; nor is this an objective of either ministry. In both countries, it appears that one purpose behind the redistribution of responsibilities has been to marginalize arguments in favour of pro-labour policies. To that extent, a closer integration of labour and economic policy-making need not be positive for workers.

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<sup>4</sup> The German Federal Government currently comprises 13 ministries.

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The UK Department of Employment (which was created in 1916 as the Ministry of Labour) was disbanded in 1995 by a Conservative Government. Some of its functions were taken over by a new Department for Education and Employment. Responsibility for industrial relations was transferred to the Department for Trade and Industry (DTI) while responsibility for health and safety was relocated to the Department of the Environment. The Labour Party and the Trades Union Congress (TUC) were critical of the Government's decision to disband the Department of Employment, which had been regarded as the unions' link to Government. The (then) General Secretary of the TUC, John Monks, declared his unhappiness at the prospect that the department "that is supposed to stick up for the unemployed, the vulnerable and those liable to exploitation will not be represented at the cabinet table" (*Guardian* 6 July 1995, cited in Aldrich et al. 2000: 25).

The DTI's major preoccupation is not with promoting labour-rights but with the competitiveness of British industry. According to one former government advisor, the DTI is "a pressure group encouraging all other departments to take the needs of business and the private sector fully into account" (Corry 2001: 130). The DTI does not, therefore, act as an unambiguous voice for pro-labour policies. As Robinson (2001) has noted, the DTI formally exists to support business, safeguard the rights of the workforce and promote the interests of consumers. However, he further observes that when objectives clash, business interests tend to take priority. This largely explains why the Conservative Government transferred responsibility for industrial relations to the ministry.<sup>5</sup> The prospects for a return to a unified Ministry of Labour are poor at present. Prior to the 2001 general election the possibility of transferring labour relations to the Department for Work and Pensions was raised, a move that would have signified a shift back towards a Ministry of Labour. The CBI, however, argued that leaving responsibility for labour relations within the DTI would ensure that legislation would continue to be sensitive to the interests of business. The Government accepted this argument.<sup>6</sup>

Recent administrative reforms in Germany have been similar to those witnessed in the UK. The decision to create a new Federal Ministry of Economics and Labour (BMWA) was taken after the 2002 election, which resulted in a further term of office for the "red-green" coalition Government of the Social Democratic Party<sup>7</sup> (SPD) and Alliance 90/The Greens.<sup>8</sup> The decision was, however, generally unexpected given that the creation of such a Ministry had been an opposition party policy prior to the election.<sup>9</sup> In part, the creation of the new "super ministry" represented an attempt to demonstrate that action was being taken to tackle the problem of unemployment.<sup>10</sup> The initiative can also be seen as a search

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<sup>5</sup> Corry argues that the fact that the DTI has been responsible for bringing in new rights for employees (in areas such as the minimum wage, union recognition and working time) has eased the process of implementation, ensuring that a balance has been struck between minimum standards and the "needs of business 'competitiveness'". However, it can be argued that achieving this "balance" has meant that rights have typically been introduced in dilute forms and been minimal in nature.

<sup>6</sup> It is also possible that a proposed move back towards a Ministry of Labour would meet resistance from the Treasury to the extent that it would present a challenge to the Chancellor of the Exchequer's influence over welfare and employment policy.

<sup>7</sup> Sozialdemokratische Partei Deutschlands

<sup>8</sup> Bündis 90/Die Grünen

<sup>9</sup> Employer support for a combined ministry had been longstanding. The unions, on the other hand, were critical of the initiative.

<sup>10</sup> The rate of unemployment was 10.1% at the end of 2002. By the end of 2003 the rate had increased to 10.4% (*The Economist*, January 31-February 6, 2004)

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for synergy and better coordination of economic and labour market policy. Moreover, it appears to have been partly motivated by a desire to address the antagonism that existed between the Ministry of Labour and Social Affairs and the Ministry of Economics. The respective ministers frequently disagreed about policy matters during Cabinet discussions. The disagreements reflected the different objectives and analytical perspectives of the ministries and also the different backgrounds of the ministers.<sup>11</sup>

Germany has traditionally been characterized as a “social market economy”. However, some (e.g. the trade unions) now feel that the balance has shifted away from the “social” dimension and towards a greater reliance on “market mechanisms”. This shift is reflected in recent reforms associated with Agenda 2010.<sup>12</sup> Agenda 2010 has involved reforms of the social security system, which have resulted in increased contributions and charges on individuals, an increased emphasis on “active” employment policies, weakened employment protection and changes to the system of unemployment benefits. As noted, one of the motivations for the creation of the new Ministry was the avoidance of disagreements between the old Labour and Economics Ministries. The merger has possibly eased the introduction of the reforms associated with Agenda 2010 because there is no longer a Labour and Social Affairs Ministry to argue for them to be dropped or modified.<sup>13</sup> When the new Ministry was created, the Economics Division of the Ministry of Labour and Social Affairs was hived off to become part of the Ministry of Health and Social Security. The civil servants who transferred from the Labour and Social Affairs Ministry to the new Ministry tended to have a legal background, as opposed to a background in economics. There is evidence that this reorganization has resulted in the neo-classical economic analyses associated with the former Ministry of Economics becoming dominant within the new Ministry. In the past, economists working in the Ministry for Labour and Social Affairs provided arguments to counter those of the mainstream economists in the Ministry of Economics. However, when the economics division of the old Labour and Social Affairs Ministry was transferred, it lost responsibility for a variety of labour and employment issues. To provide one example, it is no longer able to argue against analyses favouring wage moderation that were previously advanced by the Ministry of Economics and are now advanced by the Ministry of Economics and Labour.<sup>14</sup>

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<sup>11</sup> Germany has a long history of coalition governments. The tradition had been for the Minister for Economics to come from the Liberal Party, which is viewed as close to business interests. The Minister of Labour and Social Affairs normally had a trade union background or links to the trade union movement. During the Christian Democrat and Liberal coalition governments, the Minister for Labour was normally from the trade union-open wing of the party.

<sup>12</sup> Agenda 2010 is a package of reforms, which includes a relaxation of rules protecting workers from dismissal, reform of the social welfare State, a reduction in “red tape” for small businesses and interest-free loans for local authorities. The reforms have been welcomed by employers but have received a hostile response from trade unions ([www.euro.eurofound.ie/print/2003/03/feature/de0303105f.html](http://www.euro.eurofound.ie/print/2003/03/feature/de0303105f.html)).

<sup>13</sup> It has also been suggested that the merger has made it harder for unions and employers to lobby the Minister, who now has to represent both sets of interests.

<sup>14</sup> Since being transferred to the Ministry of Health and Social Security, the economics division has been encouraged to stick to simple formulas for projecting health care changes and so forth, rather than explaining inter-connections with other economic phenomena.

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### 3. Influences on policy and policy transfer

Influences on labour, employment and social protection policy are, of course, numerous. Embedded institutions and traditions, economic and social conditions, the political position of governments and their policy agendas, the lobbying activities and organizational strength of employers, unions, NGOs and, in some countries, their participation in consultative bodies, all serve to shape policy agendas and the programmes and policies that are ultimately implemented. Policy may also be influenced by the strength of the governing party. Parties that have a substantial majority of seats and are able to form a government by themselves, for example, may be less constrained than those that have a small majority or are part of a coalition.

The interests of key figures within ministries, and the manner in which they are appointed may also shape the development of policy. Goto (2001), for example, suggests that there are few political appointees in Japanese ministries and that power is vested in career civil servants. He argues that this enables the ministry to formulate long term policies without short run political interference. In the Czech Republic, the staffing of the Ministry of Labour and Social Affairs has been relatively stable over time and there have been no attempts to impose new officials as the governing party has changed. The relative stability of staffing is regarded as having had beneficial consequences for policy development (Interviews). In the US, by contrast, the Labour Minister is appointed by the President and is typically not an elected official (Glover (2002). Key posts in the Labour Department are political appointments that change when the presidency changes and, according to Glover, this adversely affects the continuity of policy initiatives.<sup>15</sup>

Policy development and the standing of a Labour Ministry may also be influenced by social and economic circumstances. In Poland, for example, the responsibilities of the Ministry of Labour and Social Policy were increased as a result of the process of economic transformation (Boni 2002: 4). Similarly, Goto (2001: 11) argues that the role of the Ministry of Health, Labour and Welfare has been enhanced as a result of labour shortages affecting the country.

In a number of countries, the Finance Ministry (or equivalent) exerts an influence over the formulation and implementation of policy. The influence reflects the fact that Finance Ministries typically determine departmental budgets and also, to varying degrees, have responsibility for aspects of economic policy.<sup>16</sup> In Ireland it is necessary to obtain the Finance Department's opinion of new proposals before they can be submitted to the Government. In Germany, proposed legislation must specify whether there are any financial implications for industry, the Landers and the Federal State. The greater the financial implications, the more critical the Finance Ministry tends to be. In other countries, the Finance Ministry influences the content of policies and programmes in a more direct fashion. In the UK, for instance, the political standing of the Chancellor of the Exchequer has enabled him to influence policies in the areas of labour and social protection.<sup>17</sup> The Chancellor's influence over departmental goals is also formalised via

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<sup>15</sup> Glover points out that prior to 1980 the Secretary of Labour was always an individual with a background in labour matters. Since 1980, by contrast, most Secretaries have been "politically skilled and experienced" individuals with little expertise in the field (Glover 2002: 12).

<sup>16</sup> Furthermore, expenditure on social measures may represent a considerable proportion of the State budget.

<sup>17</sup> The Chancellor was the architect behind the New Deal and has also influenced policies such as the National Minimum Wage.

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Comprehensive Spending Reviews, through which departmental budgets are set, and Public Service Agreements, which comprise a series of goals agreed by departments and the Treasury<sup>18</sup> (see Section 5). The Finance Ministry of the Czech Republic also plays an important role in policy development. However, the MOLSA has sometimes regarded the Finance Ministry as exerting a negative influence over employment issues. The resources provided for active employment policies have been regarded as too low<sup>19</sup> and some feel that the Finance Ministry has not been receptive to requests for increased funding to allow for increased staffing of labour offices and improved employment services.<sup>20</sup> Concerns have also been expressed about the Finance Ministry's ability to analyse and interpret labour market phenomena. In the first draft of the 2003 budget the Finance Ministry set out proposals to reduce social benefits, but (in the view of some MOLSA officials) without providing a supporting analysis and evidence of abuse. The MOLSA opposed the first draft of the budget, which was regarded as an example of policy being set on the basis of a theoretical, and possibly unrealistic, model of the labour market without reference to empirical evidence. The budget reforms were drawn up by a group of experts from the Finance Ministry. There was apparently no consultation with MOLSA prior to the proposals being put on the internet in English. The MOLSA protested and provided criticisms. Following subsequent consultation and discussion, the views of the MOLSA were incorporated into the budget.

Further potential influences on domestic policy agendas are developments in other countries and the wishes of supranational organizations. National governments may, for example, be obliged to introduce policies that meet the requirements of international agencies, such as the International Monetary Fund. For the Member States of the European Union (EU), the European Commission's (EC) social policy agenda, which promotes, among other things, equal opportunities and pay, minimum employment rights and social partnership, has been important in encouraging member countries to adopt similar social policy objectives. Member States are encouraged to develop National Action Plans in order to implement the European Employment Strategy<sup>21</sup> and are expected to ensure that national legislation and regulations meet at least the minimum standards enshrined in EU directives. Compliance is enforced by the European Court of Social Justice, which is expected to ensure that Member States adhere to treaty commitments, directives and so forth.<sup>22</sup> ILO Conventions may have a similar effect, although adoption is voluntary and compliance more difficult to enforce.

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<sup>18</sup> However, voices within and beyond government have argued that the Treasury wields too much power. A recent Treasury Select Committee report has noted its concern that 'the Treasury as an institution has recently begun to exert too much influence over policy areas which are properly the business of other departments and that it is not necessarily in the best interests of the Treasury or the Government as a whole' (cited in Knell and Harding 2001: 37).

<sup>19</sup> Funding for active and passive employment policies represents 0.5 – 0.8 per cent of GDP. Active employment measures account for 40 per cent of the total (Interviews).

<sup>20</sup> MOLSA officials hope that the adoption of the EU's Employment Guidelines will lead to the Finance Ministry becoming more favourably disposed to such arguments.

<sup>21</sup> The European Employment Strategy has existed since 1997. One of its main features has been the adoption by the European Council of annual employment guidelines, which set common priorities for EU Member States' employment policies. National Action Plans report progress achieved in each Member State over the preceding 12 month period and also set out the measures planned in the following 12 months.

<sup>22</sup> The policies of Member States have also influenced the EU policy agenda. For example, Annesley (2003) notes that the EU's emphasis on promoting social inclusion was adapted from French social policy (for more information, see Hantrais 2000).

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The domestic policies of European Union Member States are also being influenced by the adoption of the European single currency (the Euro). Not all Member States have chosen to adopt the Euro, but those that have done so are obliged to adhere to rules designed to ensure a common approach to aspects of monetary policy. The rules stipulate that government deficit cannot exceed 3 per cent of GDP and that gross public sector debt cannot exceed 60 per cent of GDP. In order to meet these criteria, many countries, including Germany and France, have sought to make cuts in welfare spending (Annesley 2003: 152).

Supranational influences may also be apparent where national governments consciously seek to emulate the policies of another country or countries, a process that is referred to as “policy transfer”. Dolowitz (2000: 3) (cited in Annesley 2003: 147) describes policy transfer as:

the occurrence of, and process involved in, the development of programmes, policies, institutions, etc. within one political and/or social system which are based on the ideas, institutions, programmes and policies emanating from other political and/or social systems.

Some countries make a considerable effort to learn from the experiences of other countries. In a study of seven EU Member States, for example, Gribben et al. (2001: 83) identified the Netherlands and Denmark as countries that were particularly concerned to examine and learn from initiatives developed in other countries.<sup>23</sup> In examining the issue of policy transfer, a considerable amount of attention has focused on the transfer of policy ideas and programmes developed in the US in respect of work and welfare. From the mid-1990s, the US authorities sought to coerce welfare recipients into work by making work-related activities a condition for welfare entitlement. This approach to work and welfare, sometimes described as “workfare”, was implemented via the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA).<sup>24</sup> Peck and Theodore (2001) refer to the American “workfare” model as an “export phenomenon” and claim that nowhere has its influence been more evident than in the UK (Peck and Theodore 2001: 428).<sup>25</sup> The influence of the US approach to work and welfare on UK policy pre-dates the present Labour Government, but is nevertheless most clearly apparent in the “New Deal” measures introduced following the Labour Party’s 1997 election victory. Under the New Deal (or “welfare to work”) initiatives, unemployed individuals are offered a period of intensive counselling, after which those who remain unemployed must choose between

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<sup>23</sup> The authors note that in developing its Partnership for Social Integration, the Netherlands established links with relevant organisations (including parts of Government) elsewhere, including CSR Europe and the Social Exclusion Unit in the UK.

<sup>24</sup> However, the final programme differed from that initially envisaged by the Clinton administration, which was responsible for its introduction. PRWORA provides an example of how bodies of elected representatives (in this case the US Congress) can influence labour and welfare policies and how the objectives of policy makers may consequently be frustrated. Karger (2003) describes how the Clinton administration’s reforms were modified and made more punitive by a Republican-dominated Congress in the mid 1990s. The PRWORA bill included provisions (referred to as Temporary Aid to Needy Families or TANF) that related to the provision of benefits. The provisions were modified by Congress so as to enable states to withdraw aid from eligible persons in the event of public coffers being exhausted. A five-year lifetime cap on benefit entitlements was also introduced.

<sup>25</sup> A number of commentators have debated the extent to which UK social policy has been “Americanised” (see Walker 1998) over time, reflected in various policies and programmes introduced over the past two decades. For example, local-level Training and Enterprise Councils, which during the 1990s had responsibility for elements of vocational education and training provision, were modelled on the US Private Industry Councils (Peck and Theodore 2001: 449).

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subsidized employment in a private sector firm, employment in the voluntary sector or the Government's Environmental Taskforce, or full-time education or training. Unemployed persons who refuse to take one of the specified options lose their entitlement to benefit. Other "New Deal" schemes have been introduced for lone parents, partners of unemployed people, disabled persons and unemployed people aged over 50, although the extent of compulsion varies.

As Peck and Theodore (2001: 449) note, complete cloning of programmes developed in one country by governments overseas is rare. It is more common for policy transfer to be selective, involving the adoption of "particular administrative practices or techniques, of branding ideas or discursive formulations, and of political lessons concerning the management of the reform process". In the case of the UK New Deal programmes, Annesley (2003) points out that the approach taken differs from the equivalent US programmes in terms of who is included and the harshness of the sanctions.<sup>26</sup> She also emphasizes that the social agenda of the EU continues to act as a countervailing force, limiting the "Americanisation" of UK policy. For Annesley (2003: 153) Americanisation

is a voluntary, one-way transfer of ideology, rhetoric and policy whereas Europeanisation is a two-way process of obligation. Americanisation stresses the negative impact of welfare and social policy on economic performance, while Europeanisation clearly sees a positive role for welfare in the macroeconomy.

Yet despite the differences that exist between the US and UK approaches to welfare and work, they have many fundamental features in common. Not least among these is the underlying principal that welfare claimants should be coerced into taking up paid work and a belief in the necessity of "a new welfare contract based upon the mutual obligations of government and governed" (Deacon 1999: 11). Moreover, despite the countervailing influence of Europe and different traditions of welfare provision across European Member States, there is evidence that the "workfare" model (or variations on it) is beginning to take root in European economies other than the UK. This "policy transfer" within Europe has not occurred simply as a result of national governments passively "borrowing" ideas from the US or UK: it is a process that has been actively promoted by the UK Government itself. The UK Labour Government has been a vocal advocate of a so-called 'third way' policy approach, which is presented by its proponents as a political position lying between neo-liberalism and traditional social democracy, in which values such as "fairness", "opportunity" and "trust" are emphasized. The meaning and coherence of the "third way" and New Labour's ideological position have been subjects for debate (see, for example, Freedman 1999, Buckler and Dolowitz 2000). However, whatever the substance of the "third way", it is clear that, as Coates and Hay have argued, Prime Minister Blair regards his version as an "ideological project for export, and as one whose domestic success requires the resetting of international (and particularly of Western European) institutions and practices in its image" (Coates and Hay 2001: 448).<sup>27</sup>

While the influence of Blair's third-way vision on policy-makers elsewhere in Europe is debatable and certainly variable (although it shares much in common with the "New Middle" associated with Germany's Chancellor Schröder, for example) it is apparent that

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<sup>26</sup> Furthermore, the experiences of countries other than the US also influenced the development of the UK New Deal. Policy makers were influenced by the use of job subsidies in Sweden (Deacon 1999), and British academics close to the Labour Party also had a significant role in providing arguments in favour of the reforms.

<sup>27</sup> When addressing international and European forums, ministers from the Labour government have consistently advocated the creation of "flexible labour markets" (meaning minimal labour protection) and encouraged other nations to embrace "globalization".

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the Labour Government's approach to work and welfare has been influential. As White (1998: 14) argues, it is "in the domain of *active job search* that the UK is seen, elsewhere in Europe, to have made its original contribution to employment policy" (italics added).<sup>28</sup> In Germany, for example, policy has begun to place an increasing amount of emphasis on "active employment" initiatives, including measures to encourage the unemployed to become self-employed and the introduction of wage subsidies for employers. Traditional policy measures, such as job creation and vocational education and training (VET) programmes have correspondingly declined in importance.<sup>29</sup> In general, policy-makers envisage a greater emphasis on "sticks" and a correspondingly reduced emphasis on "carrots" as access to benefits becomes more restricted with the intention of pushing people into work. An example is provided by the recent reductions in the maximum period for which unemployment benefits can be received - a reform that has particularly affected older workers.<sup>30</sup>

Policy-makers in the Czech Republic have also been persuaded that "active employment" measures of a "work first" kind and more flexible labour markets are desirable. In the current year, the Government has made available 1.6 billion Czech crowns (CK) for active employment policies (to be implemented by the country's labour offices), 800 million CK for investment incentives and a further 100 million CK for supporting the employment of disabled persons. Recent "active employment" initiatives have been targeted at increasing the employment of young people. Fifty thousand Czech secondary school and university graduates have never been in paid employment and together they comprise approximately 10 per cent of the total unemployed workforce. New policies will offer employers a wage subsidy for taking on unemployed individuals and assist in meeting the costs associated with retraining. The reforms will also make it harder for young people to continue to receive benefits while refusing training or employment. Two schemes are being introduced: "First Chance", for people up to the age of 25, and "New Start" for those aged 25 and above. These programmes were explicitly based on the UK's New Deal programmes, although they were also influenced by the guidelines of the EU's Employment Strategy.<sup>31</sup> The schemes, which will come into force in 2004, have been piloted in labour offices. The outcomes of the initial phase of piloting resulted in reservations being expressed about the way the schemes operated. The main criticisms were that the subsidies paid by labour offices were too generous and that young people were able to refuse employment without sanctions being imposed. The new law will introduce such sanctions.

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<sup>28</sup> The "New Deal" approach has not, however, been regarded as an attractive model by all European governments. In France, for example, entitlement to minimum social assistance is, unlike TANF in the US or Job Seekers' Allowance in the UK, not dependent on participation in work-related activities (Daguerre 2004). Moreover, French policy makers avoid identification with the "workfare" policies advocated by the US and UK (Rees 2000, cited in Daguerre 2004: 44). Elsewhere, the Swedish approach to active labour market measures, which is probably the longest established in Europe, continues to combine an emphasis on vocational education and training with generous benefit entitlements (Daguerre 2004).

<sup>29</sup> Between January 2003 and January 2004, the number of Germans in subsidized employment increased by 64,000. The number of people on job creation programmes fell by 21,000 (a quarter) and those on VET programmes fell by 92,000 (a third).

<sup>30</sup> This initiative was originally proposed by the Hartz Commission - see Section 6 of this report for details.

<sup>31</sup> Since 2001 the Czech Republic has prepared National Action Plans consistent with the European Employment Strategy in preparation for its accession to the EU in 2004.

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The UK system of Jobcentres has also proved attractive to German and Czech policy-makers. The “Jobcentre Plus” model, introduced in the UK in 2001, offers a new service that combines the functions of the Benefits Agency and Employment Service. The creation of Jobcentre Plus was partly inspired by similar administrative reforms in the US. In the latter case the 1998 Workforce Investment Act integrated 17 employment and training programmes into a single local delivery system and introduced “one stop” centres where the unemployed can receive assistance with job search, undertake skill assessments and register for unemployment insurance (Glover 2001: 18). Similarly, JobCentre Plus provides a single point of access for benefit claimants and requires claimants to meet with a personal adviser, who is supposed to provide help and advice relating to ‘job search’, training, childcare and so forth. The German Federal Employment Office has been remodelled in ways that resemble JobCentre Plus. At the start of 2004, the Federal Employment Office was transformed into a Federal Employment Agency,<sup>32</sup> with responsibility for administering unemployment benefits and finding job opportunities for the unemployed.<sup>33</sup> The agency has the power to reduce by 30 per cent the benefits received by unemployed individuals who refuse employment.<sup>34</sup> However, the Federal Employment Agency differs from JobCentre Plus in that individuals who remain unemployed become *de facto* employees of the agency’s regional offices and can be hired out as temporary workers. The regional offices of the Federal Employment Agency therefore resemble temporary employment agencies in this respect.<sup>35</sup>

In basing policies and programmes on those implemented in other countries, policy-makers presumably anticipate, or at least hope, that the ‘positive outcomes’ that are thought to be associated with such interventions will also be reproduced. However, there are grounds for scepticism. Basing their analysis on a comparison of welfare-to-work programmes in the US and UK, Peck and Theodore (2001) argue that the success of policies and programmes is dependent on economic and institutional conditions in local economies and that the outcomes of ‘successful’ programmes may therefore not be replicated across different localities. The argument could be extended to include different national contexts. Peck and Theodore suggest that policy-makers may thus be mistaken in regarding programmes as universal ‘institutional fixes’. They argue that attempts to clone US programmes in the UK have demonstrated that:

While it is relatively easy to duplicate administrative “inputs”, such as intensive care management systems or job-search programmes, experience shows that it is nearly impossible to reproduce their “outputs”, certainly if measured in terms of labour-market outcomes (435).

In this context, Deacon (1999: 7) has pointed out that British commentators have little experience of the type of federalism found in the US and that they may consequently be inclined to be over-impressed by references to US experience or by research findings based on a single project in an individual US state.

Conditions may also vary over time. Commenting on evaluations of workfare in the US, and the lessons drawn by British policy-makers, Peck and Theodore (2001: 451) note that:

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<sup>32</sup> Bundesagentur für Arbeit.

<sup>33</sup> This development formed part of the Agenda 2010 programme.

<sup>34</sup> [www.eiro.eurofound.ie/print/2003/11/inbrief/de0311101n.html](http://www.eiro.eurofound.ie/print/2003/11/inbrief/de0311101n.html).

<sup>35</sup> [www.eiro.eurofound.ie/print/2002/09/feature/de0209205f.html](http://www.eiro.eurofound.ie/print/2002/09/feature/de0209205f.html).

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While independent evaluations point to the overriding importance of favourable economic conditions in driving down the Wisconsin welfare rolls (Ziliak, Figlio, David & Connolly, 1997), the translation for British policy-makers has it that compulsion is the key to success (Rogers, 1997).

Furthermore, UK policy has been influenced by a belief, again based on a particular reading of US experience, that ‘work first’ strategies that move welfare recipients into employment as rapidly as possible are more effective than programmes oriented towards vocational education and training (Theodore and Peck 2000: 82). This issue is discussed in greater detail in Section 4.3.

Reductions in the level of unemployment in the UK have been taken as a clear indication of the effectiveness of the New Deal programmes. New Deal for Lone Parents appears to have led to an increase in the flow of lone parents moving from welfare into employment, while the New Deal for Young People has increased the speed at which young workers feed into the labour market (Robinson 2001: 13). Concern has been expressed, however, about the possibility that the effect of the New Deals may be to crowd workers into low paid, insecure jobs. The programmes have also been criticized for being insensitive to variations in local economic circumstances, in particular the supply of job opportunities (see, for example, Haughton et al. 2000, Peck and Theodore 2000). It is also worth noting that the apparent successes of the UK welfare-to-work initiatives have occurred in the context of sustained economic growth and it is not possible to know how many additional jobs would have been created in this time period in the absence of the New Deal. In Germany, it has been suggested that the new active employment measures will result in substantial increases in employment only if there is an upsurge in economic growth. However, effective demand within the German economy remains relatively weak at present and wages are growing at a slow rate.<sup>36</sup>

This is not to say that experiences in one country cannot provide useful lessons for policy-makers elsewhere or that policy transfers cannot result in effective policies and programmes. However, the context-dependent nature of the outcomes of policy initiatives implies that policy-makers should exercise caution when seeking to replicate programmes that have been successfully implemented elsewhere. As Ziller (2001: 102) has pointed out with reference to trends in public administration, comparing experiences can be fruitful but it may end up “at best in misunderstandings, at worst in used-car-salesmen attitudes that can lead to manipulations of foreign experiences by politicians or the press”.

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<sup>36</sup> As noted, the disappearance of the Ministry of Labour and Social Affairs means that arguments in favour of wage growth are no longer being made in government circles.

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## 4. Evidence-based policy-making, research and evaluation

### 4.1 Evidence-based policy-making

As noted above, evaluations of programmes by governments in one country may encourage others to seek to replicate those programmes, either partially or in their entirety, if the evaluations provide evidence of success. Evaluation of domestic policy programmes is an increasingly widespread activity. Emphasis is being placed on the need to demonstrate the effectiveness of public policy interventions and the importance of “evidence-based policy-making”. While the meaning of “evidence based policy-making” is not always clear (Sanderson 2002), the implication is that new initiatives should be grounded in reliable, clear and comprehensive research evidence and that policies and programmes should be subject to rigorous processes of evaluation.

Evaluation can take place at different stages of the policy-making process. New initiatives may be piloted in, for example, regional or local economies prior to a decision being taken on whether to introduce them nation-wide. In theory, piloting enables policy-makers to make judgements about the effectiveness of interventions and the administrative processes associated with a policy or programme and allows for problems to be addressed before a programme is introduced nationally. Evaluation activities may continue once a programme is fully implemented.

Evaluation has become increasingly important in the context of new public management-style reforms (addressed in detail in Section 5), which often result in an increased emphasis on targets and demonstrable outcomes. One implication of initiatives of this type is that governments and ministers will wish to demonstrate the effectiveness of their policy programmes and the efficiency with which they are delivered. Peters (2001) argues that the ability to measure performance clearly is an important determinant of the ‘relative political clout’ of ministries. However, the ease with which policy outcomes can be measured varies. According to Peters (2001: 174):

those programmes which have clearly measurable and demonstrable outcomes are advantaged by performance management systems. These programmes can demonstrate what they have accomplished and any improvements in quality (and perhaps efficiency) and use that as a political weapon.....Some domestic programmes [...] may have more readily measurable outcomes and thus may be advantaged by an emphasis on performance management.

However, performance measurement is a double-edged sword in that it may also yield evidence of poor outcomes.

Of course, those programmes that are more readily measurable and which appear not to be performing well can be severely disadvantaged by a performance management system (Peters 2001: 174).

For Sanderson (2002), the information that governments seek in the context of performance-measurement is distinct from the information that is required to help bring about more effective policies and programmes. Evidence-based policy-making therefore involves two forms of information:

The first is evidence to promote accountability in terms of results – evidence that government is working effectively. The second is evidence to promote improvement through more effective policies and programmes – evidence of how well such policies and programmes “work” in different circumstances. The two forms of evidence are different in nature. The first is primarily in the form of information on attributes of performance and is reflected in the

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growth of performance management in government – the increasing use of performance indicators and targets [...]. The second form of evidence is qualitatively different from the first. Here we are talking about knowledge of how policy interventions achieve change in social systems. Conventionally, we assume that reliable knowledge provides a sound basis for effective action; it is explanatory and theoretical, providing an understanding of how policies work (Sanderson 2002: 3).

The implication is that ministries, in addition to measuring the consequences of policy initiatives and the extent of their benefits, need to be able to arrive at an accurate understanding of why the policy interventions brought about observed changes and the underlying causal processes involved. This deeper form of knowledge is essential if the effectiveness of policies is to be enhanced over time (Sanderson 2002).

## 4.2 Evidence-based policy-making in practice

The extent to which evaluation takes place and the ability of ministries to undertake in-house evaluation and data gathering are subject to variation, even within single ministries. Until recently, not all of the policy initiatives taken by the German Ministry of Economics and Labour (or its predecessors) in respect of the labour market were thoroughly evaluated. Legislation now explicitly requires the Ministry to report on the effects of legislation. Evaluation activities have also increased in importance as budgets have become tighter, resulting in an increased concern with “value for money”. However, the Labour Law Directorate of the German Ministry of Economics and Labour does not have a research capability and new labour laws are not routinely subject to evaluation (although laws which are deemed to be particularly important are evaluated). The expense of carrying out evaluations is one reason why they are not conducted more frequently. When the Labour Law Directorate requires an “expert view” on an issue, it subcontracts to an independent research organization. The Federal Statistical Office provides many of the statistics used by the Labour Law Directorate. Data concerning occupational health and safety are provided by a separate independent authority. An in-house research capability had been available to the Labour Law Directorate while it was housed in the former Ministry of Labour and Social Affairs. However, as noted, the economics division of the Ministry of Labour and Social Affairs was transferred to the Ministry of Health and Social Security at the time the Ministry of Economics and Labour was created. The Ministry has, however, developed a new unit to analyse labour market statistics and this unit has been charged with the task of evaluating the impact of the Hartz reforms (see Section 6.3). The Federal Employment Office<sup>37</sup> provides much of the data on which the analyses are based.

The ability to demonstrate success is potentially critical to the ability of the ministry to increase its influence. However, it is possible that ongoing reductions in staffing will make it harder for the ministry to formulate and evaluate policy. Since 1994 all ministries have been required to reduce their personnel by 1.5 per cent each year in order to help pay the costs of reunification. Each minister therefore has the task of determining what can be achieved with the reduced personnel.

Evaluation is a well-established practice in the United States. The federal nature of the US has facilitated experimentation and piloting of programmes, notably in the field of work and welfare. This has enabled evaluation of the effectiveness of policies and

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<sup>37</sup> Bundesanstalt für Arbeit.

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programmes to take place prior to their being “rolled out” on a national basis.<sup>38</sup> Glover (2002) emphasizes that for state-level experience to be effective, it needs to be credibly documented and suggests that evaluations by independent organizations such as the Manpower Development Research Corporation (MDRC) and others have been important in this respect. Glover points out that in order to justify “intervening in the market”, US advocates must either demonstrate that such interventions will not have significant adverse effects or show that the benefits will outweigh any negative consequences. As Glover notes, benefits can be hard to demonstrate on the basis of mainstream economic theory, which tends to regard interference with market mechanisms (e.g. minimum wages, employment protection etc.) as harmful, even to those whom policy interventions are supposed to assist. Given the bias of mainstream economic theory against certain types of intervention, the ability to demonstrate empirically that interventions may be beneficial is of considerable importance.

In Ireland, evaluations are carried out on various programmes, including those underpinned by EU structural funds. Ireland develops National Plans, which are evaluated half way through their period of operation. The evaluation is contracted out to an independent consultancy company and resources are shifted between different activities depending on the findings. An ongoing programme of evaluation takes place in the field of vocational education and training. Piloting of programmes is also common in certain policy areas, for example those concerned with the issue of unemployment.

The capacity of Irish ministries to evaluate policies and programmes is being strengthened via the introduction of a new Regulatory Impact Analysis model. The model was piloted in a number of departments during 2003. A central objective of Regulatory Impact Analysis is to evaluate the potential consequences of policies and programmes for the competitiveness of the Irish economy.<sup>39</sup> A similar practice occurs in the UK. In the latter country, any policy proposal that is likely to result in a regulatory burden must be put before a Regulatory Impact Unit. This includes policies in the employment, labour and welfare areas. The role of the Regulatory Impact Unit is to ensure that departments investigate the risks, costs and benefits of policy measures at an early stage in their formulation. It is also tasked with looking ahead at regulations expected to come into force in the future, including those emanating from the EU.

Responsibility for labour and employment policy in Ireland rests with the Department of Enterprise Trade and Employment (DETE). Although the DETE does not employ social researchers, the lack of a research unit is not regarded as a problem and there is no demand for one to be created (Interviews). The department meets its research needs by contracting with external organizations, academics and so forth. This process and its outcomes are regarded as satisfactory. In addition, general information on employment-related phenomena is collected by the department and by the Central Statistics Office (CSO). The CSO, which was created in 1949, is an independent body under the aegis of the Taoiseach ([www.cso.ie/about/description.html](http://www.cso.ie/about/description.html)). The CSO is responsible for collecting, compiling, extracting and disseminating official statistics. It is also responsible for coordinating the activities of other public authorities in respect of official statistics and it works to provide statistics that can be “compared directly with corresponding data for other countries” (ibid).

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<sup>38</sup> However, Glover (2002) has argued that the available staff, resources and expertise within the US Department of Labor have not been sufficient to allow for adequate monitoring of economic policy ...and for advice to be provided on the implications of policy interventions for workers. He suggests that insufficient use has been made of the skills and capabilities that exist across the department.

<sup>39</sup> See *Sustaining Progress*.

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The DETE is also able to draw on the services of the Economic and Social Research Institute (ESRI), which is an Irish non-profit making “think tank” and research organization. The ESRI provides reports on economic phenomena and its research is very highly regarded across Government. Its creation in 1960 was influenced by the then Secretary of the Department of Finance, who identified a need for research on the Irish economy. According to the ESRI’s web site “it was considered desirable that this research be done outside the civil service in a setting free from government or political influence” (www.esri.ie). The ESRI was initially funded by the New York-based Ford Foundation and subsequently by grant-in-aid from the Government. However, it has retained its independence and expanded its funding base (necessarily so given public finance problems in the late 1980s and associated cuts in grant-in-aid).

The independent status of ESRI has proved beneficial when attempts have been made to gain support for new initiatives, such as the national minimum wage. The national minimum wage, which was introduced in 2000, started out as a manifesto commitment for both political parties. A National Minimum Wage Commission (NMWC) was established to explore the potential consequences of wage protection. Once the Commission had reported to Government, an inter-departmental group was established to consider the report and work out a plan of action. As part of its remit, the group considered the economic and social consequences of introducing a minimum wage. A number of departments were represented on the group, including the Department of Finance, which argued that a minimum wage could be harmful to the competitiveness of the Irish economy. Partly in an attempt to challenge the Finance Ministry’s view, the group commissioned a research report from the ESRI, which subsequently advised that a minimum wage set at two-thirds of the median wage would not have negative consequences for the economy. The report of the ESRI is regarded by civil servants within DETE as having substantially strengthened the case for a minimum wage, which was subsequently introduced.

The Czech Republic also collects information on key economic and social phenomena,<sup>40</sup> assesses the impact of policies and develops models for testing and predicting the consequences of interventions. Responsibility for labour and employment issues rests with the MOLSA. The MOLSA has close links with a dedicated research institute, the Research Institute for Labour and Social Affairs (RILSA). The closeness of the link is regarded as extremely beneficial as the RILSA is able to respond swiftly to requests for information from the Ministry. RILSA is not part of the MOLSA and is regarded as independent, although it works closely with the Ministry. Regular meetings take place involving senior members of staff from the research institute and MOLSA and the institute is informed about the Government’s plans on a regular basis. Researchers are closely involved in the policy development process and both the institute and the MOLSA regard this as beneficial as it means that the researchers are not working in a vacuum and that the Ministry is less likely to propose and develop ineffective measures. Approximately 20 individuals, most of whom are economists or sociologists, work on social and economic policy. The institute’s budget is set on the basis of a research plan. The current plan will cover the period 2004-10, although there is scope to make alterations on a regular basis and a specific plan of research activities is determined on an annual basis. The relatively long funding period is regarded as providing a helpful framework.

The RILSA is expected to submit its research studies to a “defence procedure”. There is a commission, on which the MOLSA is represented, that assesses the research reports produced by the institute. Each study is scrutinized and this is regarded as a means of increasing the confidence of policy-makers and other parties in the findings. In addition,

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<sup>40</sup> However, precise records of the number of industrial disputes are not kept. Possibly this is because of the apparently low incidence of strikes (Eurofound 2004: 6).

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seminars are organized for experts and research findings are made available on the internet. The analyses provided by the research institute are discussed within the MOLSA and subsequently with the social partners. However, the recommendations contained in the reports are not always acted upon because of the over-riding concern that a consensus position should be reached by the Government and the social partners.

In the UK, each of the key ministries with responsibility for employment, labour and social protection has an internal research and evaluation facility employing economists, statisticians and social researchers. Most of the Department of Trade and Industry's evaluation work is carried out by external contractors, although the department does have some dedicated staff. The DTI's Statistics Directorate provides statistical support to other parts of the department. The Directorate covers, among other things, regional statistics, survey control and advice, direct investment, service sector statistics and work for the Low Pay Commission. Within the Employment Relations Directorate (ERD) of the DTI, advice and analysis is provided by Employment Market Analysis and Research (EMAR), which is integrated into the ERD. EMAR employs approximately 20 members of staff, including economists, statisticians and social researchers. Its function is to provide analytical support for ministers to develop policy and assess its effects. EMAR oversees a rolling programme of evaluation and research directed at examining best practice, emerging trends and the impact of specific policies. EMAR is also involved in producing Regulatory Impact Assessments (RIA) for policies in the labour relations area.

The research programme is determined via a committee process. The committee, which is mainly composed of ERD policy staff, takes a policy-led view (i.e. policy priorities largely determine the programme). The list of proposed research themes is then given to ministers for approval and projects are subsequently put out to competitive tender.<sup>41</sup> Data analysis, whether straightforward or sophisticated, is contracted out because of constraints on staff time. In the case of advanced (e.g. econometric) analysis, EMAR does not always have the skills required in-house. However, a problem affecting the commissioning process in general is a shortage of contract researchers who are able to produce quality work within the deadlines set by Government.

The DWP has an Analytical Service Division (ASD), responsible for overseeing research on issues that fall within the Department's remit. The ASD includes professional statisticians, social researchers, economists and operational researchers. According to the DWP's web-site:

Researchers in ASD work closely with colleagues who make policy and deliver services. Every research project must have a "customer". This is a well-established principle across Whitehall and is intended to ensure that research meets the needs of the Department's policy-makers and, ultimately Ministers.

There is an annual planning round for research involving steering groups and the subsequent research programme is managed by the Social Research Branch of the Analytical Services Division. The Social Research Branch has approximately 20 researchers, organized in seven sections. The research programme, like those of other departments, is intended to assist in the development of policy as well as the evaluation of

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<sup>41</sup> Across government, departments and associated bodies differ in the extent to which they stipulate the aims and objectives of research projects put out to competitive tender. In general, the DTI's approach is to set out clearly what the department wishes a research project to address and achieve. Other departments with larger budgets (e.g. the pre-2001 DfEE and DSS) have had a more mixed approach, wherein the focus is mainly on specific projects but scope is also provided for researchers to submit their own ideas.

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its impact. Although some projects are carried out by in-house research staff, most are conducted by external contractors.

Like the DWP, the DfES has its own Analytical Services Division, which provides statistical information and advice to assist in the development and evaluation of the Government's education and training policies. The DfES's ASD is separate from the policy directorates. However, as is the case with other departments, research cannot be conducted unless there is policy support and agreement that a particular area should be researched. Every research project must, therefore, have a "customer" and this is supposed to ensure that research meets the needs of policy-makers. However, the "customer"/policy focus can also result in a one-sided emphasis on immediate needs. Recognition of this problem has led to DfES funding being used to establish separate centres dedicated to researching particular sets of issues. Centres for Research on the Wider Benefits of Learning and the Economics of Education have been established to, among other things, explore methodological issues relating to the measurement of the impact of learning and to develop evaluation frameworks for policy.

In the UK, policies are developed using a strategic framework called ROAMF or ROAME. These labels are acronyms for "Rationale, Objectives, Appraisal, Monitoring and Feedback/ Evaluation". The model originated in the Treasury and DTI. The starting point in the policy formation process is to define the problem and then the objectives of the policy intervention. The latter represent the success criteria that guide the process of evaluation. The costs and benefits associated with different options are then considered (the "appraisal" stage). Once the programme has been implemented, monitoring and evaluation take place. Finally, there is a feedback stage. The model represents an attempt to ensure that a strategic approach to policy-making is adopted, encouraging policy-makers to think through what the policy is supposed to achieve, the costs and benefits of different policy options and what systems are required to monitor the policy. It therefore encourages policy-makers to think through an entire process. However, the model is not always followed. Sometimes objectives are defined in the absence of an accompanying rationale. In the case of the DfES, this tends to happen when researchers have not been involved at a sufficiently early stage in the process, which can be viewed as a consequence of the fact that research staff are not located in the policy directorates. Integration of policy and analysis is viewed as being generally good within the Employment Relations Directorate of the DTI, whose research staff is fully integrated into the policy directorate. Analysts have also been placed in policy posts within the DWP, filling 'stewardship and strategy' roles in areas such as pensions and poverty. However, integration is more variable in the area of employment policy and there are currently fewer analysts working in the policy divisions in that area.

In general, even when the ROAMF/E model cannot be followed as a specified sequence of activities, research specialists continue to assist policy colleagues in identifying best practice and conducting evaluations. As a focusing device and a guide to the steps that need to be taken in the policy development process, the model continues to have value. However, concern has been expressed by the Cabinet Office (1999) that research is not sufficiently coordinated across departments. Coordination has been particularly problematic where cross-departmental issues are concerned, and this has in some cases led to research failing to take place. There are costs associated with engaging in cross-departmental collaboration. Coordination has to be managed and conflicts of interest can occur, which can act as a disincentive to collaboration, particularly where a department believes it can fund the work by itself. The disincentive effect partly results from the fact that departments have their own budgets and have to relinquish money to fund cross-departmental research. Recognizing some of the disincentives to collaboration, the Treasury has set up an "evidence-based policy fund", for which it expects joint bids. The scheme is intended to act as an incentive for departments to work in tandem.

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### 4.3 Problems that might beset evidence-based policy-making

Sanderson (2002: 2) argues that evidence-based policy-making “relies on the assumption that we can make policies work better if we understand how policy mechanisms bring about change in social systems to achieve desired outcomes”. The implied “ideal typical” model of evidence-based policy-making therefore implies a rational process of data collection, reflection and adjustment. It further implies that judgements are based solely on valid and reliable evidence collected using state-of-the-art research methods and that policy-makers have an accurate understanding of the causal relationships between policy interventions and the phenomena they are designed to address. In this “ideal-typical” model, therefore, evidence-based policy-making is a rational and scientific exercise in which it is possible to reach objective judgements based on “facts” about economic and social phenomena.

The reality, however, is more complex. As Walker (2000: 62-3) notes, while research may influence policy-making, it is “not always influential [and may be] supplanted by the powerful political forces of inertia, expediency, ideology and finance”. In a similar vein, Cook (1997: 40) emphasizes that “the politician’s prime goal is to be re-elected rather than to respect technical evidence”. The implication of these arguments is that “evidence-based policy-making” may be undermined in a number of ways. For example, governments may favour a lower cost programme over a higher-cost programme, even though the evidence suggests that the latter might be more effective. Furthermore, the desire of governments to demonstrate the effectiveness of their policies may lead them to favour programmes that can be relatively easily evaluated, and that will yield relatively rapid results, over programmes that deliver hard to measure outcomes, even though the latter may, in the longer term, be more effective. These possibilities are explored in Theodore and Peck’s (2000: 83) discussion of workfare in the US. They argue that policy-makers have been gripped by a desire to provide “quick fixes”, despite evidence that “welfare-to-work is a field of ‘slow fixes’ and almost systemic policy failure”. Theodore and Peck suggest that “work-first” initiatives have been more attractive to US policy-makers than VET-oriented programmes because the latter tend to involve higher unit costs (because of the expense of education and its duration) and also because such programmes typically seek to achieve a multiplicity of work-related and family life goals, which makes the task of identifying appropriate outcome measures and evaluation timescales complicated.<sup>42</sup> “Work-first programmes”, by contrast, focus on the speed with which benefit claimants enter work, tend to be strongly ‘outcomes driven’ and are associated with results that can rapidly be demonstrated to voters and are easily quantifiable. Theodore and Peck suggest that it is these aspects of “work-first” policies that account for the appeal of such programmes to policy-makers. The influence of similar considerations is clear to see in the UK welfare-to-work programme. One example is provided by the fact that reductions in the claimant count came to be seen as a key criterion for measuring the success of the Employment Zones<sup>43</sup> over less-easily measured “soft” skills development that had been a feature of the pilots (Haughton et al. 2000). In a similar vein, it has been suggested that Germany’s new “active” and more coercive employment policies are more attractive to the Government than traditional instruments because wage subsidies are cheaper than investments in retraining.

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<sup>42</sup> Between 1988 and 1995 active labour market measures in the US had placed emphasis on vocational education and training. The switch in emphasis to a “work first” approach occurred from 1996 onwards (Daguerre 2004).

<sup>43</sup> While formally separate from the New Deal schemes, Employment Zones are a core element of the welfare-to work programme. They are run by private sector led partnerships and are supposed to provide “new and innovative solutions” to assist long term unemployed people enter employment.

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The desire on the part of policy-makers to demonstrate that their reforms “work” has, according to Peck and Theodore (2001), also led to a more frenetic rate of change (or “churning”) in the reform process “as persistently mixed evaluation messages and stubbornly mediocre outcomes have simply fuelled the desire for further reform”. They note that work-first regimes were implemented in one American state after another in the 1990s, despite relatively little being known about how programmes would work in different local labour markets and little serious evaluation having taken place of the longer-term impact of initiatives (op. cit.). Peck and Theodore suggest that the US experience also had consequences for the manner in which “welfare-to-work” programmes were implemented in the UK, in that the Government’s positive assessment of US programmes encouraged it to roll out its own programmes on a national basis sooner than might otherwise have been justified by national “evidence based” policy-making:

The politics of welfare-to-work under New Labour has become associated with a shortening of policy cycles as established aspects of programme implementation such as piloting, evaluation, and programme feedback have been dispensed with in the interests of political expediency (Peck and Theodore 2001: 447).

The desire to be seen to produce results quickly can therefore mean that policies are fully implemented before evaluations have been completed. Walker (2000: 313) concludes that policy and evaluation are driven by different time-scales and that there therefore:

remains a tension between politicians keen to bring about rapid change and the desire to undertake rigorous piloting ahead of implementation. Indeed, the tension is close to breaking point. The policy maker’s enthusiasm for research is tempered by political realities. They may value precision and high quality research but they also want early results and simple answers.

The pace of policy-making can also be dictated by events. Taking the UK ROAME/F model as an example, primary legislation may have to be developed around a limited number of available slots in the parliamentary term, which can mean that evaluations of pilot programmes cannot be completed prior to full implementation. National policies resulting from European Directives are influenced to a great extent by deliberations at the level of the EC, and final implementation dates for the incorporation of Directives into national legislation partly drive the implementation process. The fact that the policy has been initiated at EU level also makes the “rationale” element of the ROAME/F model effectively redundant. Work on “rationale” and “objectives” also tends to be by-passed where the policy is a result of an election manifesto commitment. In such cases, the policy process begins with an assessment of the options (“appraisal”).

The difficulties that political expediency can create for “evidence based policy-making” are also observable elsewhere. The German Ministry of Health and Social Security, for example, has a well-established tradition of evaluating policies and has sufficient capacity to carry out evaluation activities. However, social security and pensions policies have been subject to constant pressure for reforms. As a consequence, policies are frequently changed. This means that policy-makers rarely have time to evaluate the impact of the policy currently in force and make changes on the basis of the evaluation activities. Similarly, evaluation of partnership initiatives in France has been hampered by the desire of successive administrations to establish new partnerships and the fact that new projects have been introduced before existing initiatives have “run their course” (Gribben et al. 2001: 50).

A number of other difficulties can beset the evaluation and policy reform processes. The interest of politicians may decline once legislation has been introduced, (see, for example, Wiseman 1995), particularly if the initiatives are not viewed as being particularly important. Moreover, and as implied in the discussion of welfare-to-work above, governments may be selective in their use of research evidence and make favourable references only to evidence that supports their political priorities. To that extent, the

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policy-making process will not be “research led” and it is likely that the “facts” will be selected to suit the ideological and analytical position of the government or (partially or wholly) pre-determined policy objectives. An example of selective “evidence-based policy-making” is provided by the UK’s experience of minimum wage regulations. Since its first report (Low Pay Commission 1998), the UK’s Low Pay Commission<sup>44</sup> has consistently recommended that workers aged 21 be entitled to the full adult minimum wage rate.<sup>45</sup> In making this recommendation, the Commission has been able to point to evidence that most employers pay full adult wages to 21 year-old employees. Nevertheless, the Government has doggedly refused to extend the coverage of the full adult minimum wage to include 21 year-old workers.

Evidence-based policy-making may also be subject to methodological problems. Sanderson (2002) has pointed out that pilot initiatives may experience a number of difficulties. For example, the scale of an initiative’s impact may be relatively small and difficult to measure at an acceptable confidence level. Furthermore, it may be hard to isolate the outcomes of the initiative from those of other initiatives or developments that may be occurring simultaneously.<sup>46</sup> In addition, where an initiative is piloted in more than one locality or region simultaneously, there is scope for variation in the way it is implemented. Moreover, as Hasluck (2000: 63, cited in Sanderson 2002) notes ‘the resources devoted to the pilot may exceed that (sic) available at national roll out. There may also be a greater level of commitment and a “pioneering spirit” amongst staff involved in the delivery’. As a consequence, pilot initiatives may differ from subsequent national programmes in terms of the support provided and, consequently, the outcomes observed.

#### **4.4 Strengthening evidence-based policy-making**

Sanderson (2002) has mapped out a strategy for enhancing the effectiveness of evidence-based policy-making. Although his suggestions are made in respect of the UK, they have wider applicability. The first element of the strategy he outlines is the need to ensure that all available evidence is reviewed, synthesized and used to inform policy-making and appraisal. As Sanderson observes, the DfES has recognized the importance of review and synthesis of research evidence and has funded the Centre for Research on the Wider Benefits of Learning and the Centre for Research on the Economics of Education. As noted in Section 4.2 above, these centres have been established to explore methodological issues relating to the measurement of the impact of learning and to develop evaluation frameworks for policy. The centres are intended to facilitate an interchange of ideas, with academics attached to the Centres providing advice on what areas the DfES should be researching. However, Sanderson emphasizes that problems may remain with this type of approach to review and synthesis. Data limitations and the complexity of outcomes associated with programmes that may comprise packages of measures designed

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<sup>44</sup> The Low Pay Commission is an independent body that is charged with the task of making recommendations on the level and coverage of the national minimum wage and evaluating its impact. It comprises three employer representatives, three trade union representatives and three academics. It is formally independent of Government, but sponsored by the Department of Trade and Industry.

<sup>45</sup> There are different rates for workers aged 16-17, 18-21 and 22 and above.

<sup>46</sup> The UK Cabinet Office (1999) has criticized the research and evaluation capacity of ministries for their inability to isolate the causal impact of policy initiatives. In the US, the problem of isolating the precise causal impact of policy interventions in the face of multiple socio-economic factors is recognized by the Manpower Demonstration Research Corporation (MDRC), an organization that has been responsible for conducting evaluations of welfare-to-work programmes in the US over the past two decades (Theodore and Peck 2000).

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to target different groups may, for example, mean that reviews do not result in a theoretically-grounded understanding of what interventions work and why they work.

The second element of Sanderson's strategy for improving evidence-based policy-making is the generation of new evidence through long-term evaluation of new policy initiatives following their full implementation. Such evaluations, he argues, need to be planned in conjunction with implementation strategies in order to provide the best possible conditions for detailed longitudinal research from an appropriately specified baseline position.<sup>47</sup>

Finally, Sanderson argues that it is important that evaluation activities should develop beyond a preoccupation with measuring the impact of interventions and the extent to which goals have been achieved so as to place more emphasis on explanation. What is required, according to Sanderson, is not simply evidence that initiatives work, but an understanding of why they work and thus the underlying causal processes. If policy-makers are able to achieve such an understanding, it is likely to help their ability to develop more effective policies. Interventions, and the economic and social phenomena they are designed to address, are complex however, and Sanderson therefore suggests that multi-method evaluation designs are likely to yield the greatest benefits. White (1999: 69, cited in Sanderson 2002) has developed a similar argument with regard to welfare-to-work programmes.

(T)o learn more about welfare-to-work programmes will require greater co-operation between what have in the past been distinct approaches to evaluation. Rigorous, quantitative evaluation will continue to be important, but so will the use of qualitative, case-study and organizational research. Only if this takes place will we be able to learn not only what works better, but how it works better.

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<sup>47</sup> Sanderson suggests that some recent initiatives by the UK government indicate that a long-term evaluation strategy is being put in place. One of these initiatives is the New Deal for Communities programme, which is being evaluated on a national basis as well as at a local level.

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## 5. Public administration reforms and performance measurement

### 5.1 The New Public Management

As noted in the introduction, in recent years an increasing number of countries have sought to reform their systems of public administration by introducing principles and working methods associated with private business. Reforms of the type associated with the “New Public Management” agenda are typically intended to introduce, among other things, a greater emphasis on measuring the performance of governments and ministries, improved accountability and more “joined up” ways of working within and across government departments.

While the “new public management” discourse has been relatively well-established since the early 1980s, countries vary in the extent to which they have adopted reforms associated with NPM. In some cases, attempts to reform public administration have only recently been made. In Germany, for example, the reform process gained momentum following the election of the “red-green” coalition in 1998 and the subsequent programme of State modernization, encapsulated in the concept of the “activating State”<sup>48</sup> (Wollmann 2001: 161, Jann 2003). The new agenda was spelled out in the “Modern State – Modern Administration” programme. Among the programme’s themes was the desirability of devolving responsibility for policies and programmes, with the State taking fewer decisions and instead strengthening German society’s potential for self-regulation. (Jann 2003: 112). The new managerial discourse was also backed by consultants and foundations (such as the Bertelsmann Foundation, Jan. 2003).

Devolution of responsibility, as envisaged by the “Modern State - Modern Administration” programme is, as Peters (2001) notes, a self-proclaimed ambition of governments in a number of countries. In the US, responsibility for the provision of labour market services has been decentralized on the assumption that this will ensure that provision is responsive to local needs. According to Glover (2002: 8) “the federal role is moving more towards one of mobilizing resources, encouraging experimentation, facilitating comparison and evaluation of alternative approaches, and diffusing best practice”. In France, the 22 French regions have become the most important political and administrative territorial units (Fontaine and Warin, 2001). Reforms implemented in 1983 encouraged the transfer of competencies to the regions in areas including economic development and vocational education and training. The regions generally act on the basis of objectives jointly agreed with the State and set out in *contrats de plan*. Since 1994, it has been obligatory to evaluate the *contrats de plan*. In the UK, an example of devolution is provided by service-providing Executive Agencies, which were initially established under the conservative governments of the 1980s and 1990s. This reform resulted in responsibility for service delivery being devolved from ministries to the new agencies.

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<sup>48</sup> A term coined by Chancellor Gerhard Schröder to describe a new process of state modernisation.

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Executive agencies essentially operate as businesses and are headed by a Chief Executive, who is directly responsible to the relevant minister<sup>49</sup>.

The content of public administration reforms, the processes by which they have been introduced, the pace of reform and the outcomes of the reform process have all varied between countries. Reform is a contingent, and at times contested, process, and as a consequence it is unlikely that a universal model of new public management will emerge. Public sector reform is conducted within the traditions of the country in question and institutional and cultural legacies therefore influence how reforms are introduced and their consequences (Wollmann 2001: 152). Thus, as Bevir et al. (2003: 203) observe:

...there is no toolkit applicable within or across countries. Governance is constructed differently and continuously reconstructed so there can be no one set of tools.

Initiatives associated with the NPM are therefore implemented differently in different countries and have different outcomes (Bevir et al. 2003: 203). To provide an example, Wollmann (2001: 164) suggests that the reform processes in the UK differ from those in Germany in that the course taken by the reform programme in the former country has been determined by a relatively powerful central government. In Germany, by contrast, such central direction is said to be relatively absent and “modernization decisions are largely made with little intergovernmental, let alone centralist intervention”.

## 5.2 “Modernising Government”

In a number of countries, attempts have been made over the past decade to bring about a fundamental change in the orientations, values and management of public administration systems. In Mauritius, for example, five task forces, involving representatives from the civil service, private sector and civil service trade unions, have been established to drive forward a process of “modernization” (Trilochun 2001). Each task force focuses on a different aspect of public administration reform (Performance Management; HRM/D; Re-engineering and Restructuring the Civil Service; Quality Management; Financial Management). A further taskforce on “E-Government” has also been created to oversee initiatives relating to ICT.

In the case of the UK, the *Modernising Government* White Paper, published in March 1999, criticized the policy-making process for being too focused on inputs rather than outputs and outcomes and claimed that civil servants were not sufficiently encouraged to be innovative and take risks. It also criticized central government for focusing on departmental services and functions to the neglect of cross-departmental issues. The White Paper set out a programme for change over a 10-year period directed at making policy-making more forward looking. A subsequent report by the Performance and Innovation Unit (PIU) (Cabinet Office 2002) recommended six reforms:

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<sup>49</sup> Ziller (2001) has argued that recent reforms in public management within Europe represent a shift away from a standard “European model of government” towards structures and systems that resemble the Swedish model. Certainly elements of the Swedish model of governance have been influential. In the UK, for example, the 1987 “Next Steps” report, which laid the ground for the creation of quasi-autonomous executive agencies, cited the Swedish experience as a source of inspiration. However, as Ziller makes clear, the Swedish model is based on a strict institutional separation between Government and administration. In the UK, by contrast, executive agencies remain part of their sponsoring ministry in legal terms. Furthermore, the Swedish constitution prohibits ministerial interference in administrative decisions made by agencies. In the UK, by contrast, agencies are subject to ministerial influence.

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- stronger leadership from ministers and senior civil servants to create a culture which values cross-cutting policies and services, with systems of rewards and recognition that reinforce desired outcomes;
  - improving policy formulation and implementation to take better account of cross-cutting problems and issues, by giving more emphasis to the interests and views of those outside central government who use and deliver services;
  - equipping civil servants with the skills and capacity needed to address cross-cutting problems and issues;
  - using budgets flexibly to promote cross-cutting working, including using more cross-cutting budgets and pooling of resources;
  - using audit and external scrutiny to reinforce cross-cutting working and encourage sensible risk taking; and
  - using the centre (No 10, the Cabinet Office and the Treasury) to lead the drive to more effective cross-cutting approaches wherever they are needed. The centre has a critical role to play in creating a strategic framework in which cross-cutting working can thrive, supporting departments and promoting cross-cutting action while intervening directly only as a last resort (cited in Flinders 2002: 63).

Following the *Modernising Government* White Paper, the Cabinet Office (Cabinet Office 1999) conducted an audit of departments so as to collect examples of good practice. The audit found that policy-making was generally a reactive and insufficiently forward-looking process. However a few cases were deemed exemplary, and among these were the New Deals for Lone Parents and the Disabled. The Cabinet Office suggested that the fact that these initiatives were developed on a project basis, with a project board and a steering group, meant that “joined-up” policy-making was facilitated. It was also suggested that the Comprehensive Spending Reviews, by fixing spending for a three-year period, had encouraged departments to adopt a longer-term perspective (see Section 5 for more details).

Following the Cabinet Office audit, four key initiatives were suggested: peer review; joint training events for ministers and other policy-makers; the development of a policy “knowledge pool”; and the extension of benchmarking. All of these suggestions have since been implemented and have affected the ministries responsible for employment, labour and social protection. The DfES, for example, underwent a peer review in late 2000, before the separation of education and employment responsibilities.<sup>50</sup> The DWP has engaged in activities related to risk analysis (although it is perceived that there remains a tendency to make lists rather than do things in terms of risk management) and has also begun to benchmark, both internally and against other departments. The DTI is also taking steps to review and improve its policy-making processes in line with the Modernising Government agenda (see DTI 2001, Service Delivery Agreement, Annex D). The DTI has stated that it expects to:

- develop a shared model of the policy development process so that different parts of the Department can benchmark their approaches against each other, using a common vocabulary;
- use the model to help in the planned inter-departmental benchmarking/policy process to be led by Cabinet Office;
- identify areas for improvement in current practice together with examples of best practice for dissemination; and
- develop a programme to spread and renew best practice.

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<sup>50</sup> The reviewers found that other Departments regarded the (then) Department for Education and Employment as insular and argued that a lack of collaborative relationships might hinder the achievement of cross-departmental objectives. It recommended that the department devote energy to establishing more collaborative working relationships.

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The DTI intends to benchmark against other departments at least once a year and is seeking to develop a mode of best practice that can form the basis for training and guidance material. A Strategic Evaluation Committee, composed of senior DTI staff, has also been established to co-ordinate work designed to assess the evidence base underpinning the DTI's delivery of objectives and targets. This represents a "rolling programme to assess and publish the evidence base underpinning policy selection" (DTI 2001, Service Delivery Agreement, Annex D). In addition, the DTI is developing a new competence framework for all staff up to senior civil service levels. The new framework is supposed to ensure that "proper weight is given to management and leadership skills". The performance appraisal system is also being reviewed to see if changes need to be made to improve the management of performance.

In Ireland, a similar process of reform has taken place. A *Strategic Management Initiative* (SMI) was launched in 1994 with the objective of bringing about "better government". The launch of SMI was followed in 1997 by the Public Service Management Act (PSMA), which led to the introduction of a new management structure in the civil service. The objective of the act was to "enhance the management, effectiveness and transparency of departments and offices and to put in place a mechanism for increased accountability of civil servants" ([www.bettergov.ie](http://www.bettergov.ie)).

The SMI is overseen by an Implementation Group, composed of secretaries general and chaired by the Secretary General of the Department of the Taoiseach. There are also a number of sub-groups dealing with different aspects of the SMI. The Implementation Group is supported by a Public Service Modernization Division within the Department of the Taoiseach (Prime Minister), working closely in cooperation with the Department of Finance. In addition, a Change Management Network was established in 2002 to help bring about the integration of different strands of the modernization process in departments. The network is designed to allow civil servants with responsibility for bringing about "modernization" to share their experiences. At departmental level, change is being introduced through a "partnership approach". Within DETE, for example, a partnership committee, comprising management, staff and union representatives, was created in 1998 to help drive forward the "modernization" programme. Internal working groups, covering issues such as communications and equality, feed into the partnership committee, which is given administrative support by the department's Personnel Unit.

The SMI and PSMA have led to increased training in management skills for civil servants and a general emphasis on strategic planning. A senior management development programme was introduced by the DETE in 1998, designed to help civil servants develop management and leadership skills. Training programmes have also been put in place to facilitate the shift towards performance management and to help address the issue of gender equality within the department. The department has its own Training and Development Unit, which provides internally delivered courses and facilitates participation on external training programmes.

In 2002 the Government commissioned an independent consultancy group to evaluate the progress of departments in implementing the reforms associated with the SMI and PSMA (PA Consulting 2002). The evaluation found that, although considerable progress had been made, further action was required in areas such as Human Resource Management, Financial Management and Information Systems Management. In response to the findings of the evaluation exercise the Government asked the Implementation Group of Secretaries General to oversee the development of a new "Vision, Statement, Strategy and Action" programme, which will run until 2007. One element of the programme is an increased emphasis on training. Ireland has introduced a new training strategy for civil servants to cover the period 2003-07 and four per cent of the pay roll is to be devoted to training. A recent review of training arrangements by the Centre for Management and Organization Development (CMOD) concluded that there was an absence of an

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overarching vision in respect of training and that a coordination deficiency existed. The CMOD has proposed a civil service-wide training and development strategy involving, among other things, common standards and accreditation, cross-departmental coordination of training and an increased emphasis on evaluating the benefits of training.

### 5.3 Performance measurement and management

Perhaps the most commonly identified trend associated with the NPM is an increased concern with performance measurement. Typically, performance measurement reforms involve an attempt to make ministries and other government bodies more accountable and their activities more transparent. The assumption is that these objectives can be achieved by devolving responsibility for the use of resources and holding individuals, sections or departments responsible for budgets and performance outcomes (Gray and Jenkins 1995: 88). Noordegraaf and Abma (2003: 853) suggest that, according to popular conceptions, performance measurement plays a dual role:

Prospectively, it enables the establishment of tight, objectified links between objectives, means, outputs and outcomes, and thus the establishment of *transparent* administration. Retrospectively, it enables the evaluation of organizational outputs and outcomes, and thus the strengthening of *effective* administration. In both ways, public management can be considered to be a matter of “management by measurement.

Attempts to introduce systems of performance measurement have been widespread. In the US, for example, the Government Performance and Results Act (GPRA) 1993 made public administrators responsible for performance and stipulated that each organization in the executive should create a performance plan containing a set of indicators agreed between itself and the General Accounting Office (Glover 2002, Peters 2001). The results of the individual agency performance plans are reported to Congress and are important influences on the allocation of funds for agencies through the budgetary process. The work of the Office of Management and Budget is also increasingly oriented around the concept of performance. An annual report is produced, which supplements the formal presentation of the budget and provides a consolidated performance plan for the federal Government (Peters 2001).

The US experience has influenced reforms in the Netherlands where, since 2000, government departments have been required to produce performance-based “policy budgets”, setting out what the department intends to achieve, what steps it intends to take and what costs are involved (Noordegraaf and Abma (2003: 855). Similar reforms have taken place in the UK. The UK Government has sought to link department budgets to specific targets and timescales, established through Comprehensive Spending Reviews.<sup>51</sup> Through this process, departments establish Public Service Agreements (PSAs) and related Service Delivery Agreements with the Treasury, stating the department’s aims and objectives and targets for outputs and outcomes. PSAs are, in effect, “an effort to provide a medium-term planning framework in which service improvement and resource control can

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<sup>51</sup> Comprehensive Spending Reviews take place every two years. Departments are expected to demonstrate how their policy programmes will contribute towards the achievement of the Government’s objectives.

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be planned together” (Gray and Jenkins 2000: 230).<sup>52</sup> The following objectives have numbered among the DfES’s PSA targets with respect to lifelong learning and skills:

- increase by 3 percentage points the numbers of 19-year-olds achieving a qualification equivalent to National Vocational Qualification level 2, compared to 2002, by 2004;
- increase the proportion of 19-year-olds achieving a level 3 qualification from 51% in 2000 to 55% in 2004;
- ensure that there is an apprenticeship place for everyone who wants one and meets the required standard;
- ensure that every child leaving care is guaranteed access to education, training or a job;
- in higher education, while maintaining standards: increase participation towards 50 per cent of those aged 18-30 by the end of the decade; make significant, year on year, progress towards fair access, as measured by the Funding Council benchmarks; and bear down on rates of non-completion;
- reduce the number of adults who have literacy or numeracy problems by 750,000 by 2004;
- increase the percentage of adults attaining a Level 3 qualification from 47% to 52% in 2004;
- open two technology institutes in every region to meet the rising demands for high-level technical skills;
- produce a workforce development strategy to increase the training offered by employers and undertaken by employees.

An increased emphasis on performance measurement has also emerged in Ireland as a consequence of the Strategic Management Initiative. Each division within the DETE, for example, is expected to develop a business plan. Each plan describes how the activities of the division aligns with the overarching strategy of the Ministry, identifies its core activities and objectives, highlights critical success factors (i.e. the resources required for it to meet its objectives) and specifies how objectives are to be set, who is to meet them and within what timeframe. Finally, performance indicators are developed for each activity. The following table, which is taken from the DETE Employment Rights Legislation Section’s business plan for 2002, shows how activities, timeframes and performance indicators are linked together.

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<sup>52</sup> In preparing policy proposals, departments are required to explain the public expenditure costs or savings, other economic impacts, and how the proposals represent value for money, taking into account views expressed by the Treasury ([www.cabinet-office.gov.uk](http://www.cabinet-office.gov.uk)). Progress in meeting PSA targets is overseen by the Public Services and Expenditure (PSX) Cabinet Committee, chaired by the Chancellor of the Exchequer. Monitoring is coordinated by the Treasury’s General Expenditure Policy Team. The Treasury has also established a Public Services Productivity Panel, composed of private sector managers and consultants, to provide advice on how to improve the performance of departments and other public agencies (Gray and Jenkins 2000: 230).

**Table 1: Example of a DETE Business Plan**

Key task	How?	Who?	Timeframe	Performance Indicators
To participate in EU legislative process concerning workers' rights and ensure transposition of Directives (as and when arising)	Complete transposition of Part-Time Workers Directive/Positing of Workers Directive	[Named individuals]	Jan. 2002	Publish Information Leaflet in Act and put on Department's website
	Transpose Fixed-Term Workers Directive  <b>N.B. Deadline for transposing Directive July 2001</b>	[Named individuals]	Jan/Feb 2002  March 2002	Tripartite Working Group consideration of Departmental discussion paper  Conclude discussions
	Assist Passage of Bill through Oireachtas		April 2002  June 2002	Submit proposals to Minister and Government for approval  Passage of Bill
	Transfer of Undertakings Amending Directive  Consolidate legislation of Transfer of Undertakings  <b>N.B. Deadline for transposing Directive July 2001</b>	[Named individuals]	Jan/Feb 2002  March 2002  March 2002	Conclude consultation with ICTU/IBEC  Submit proposals to Minister and if necessary Government for approval  Act (or Regulation signed by Minister)

A central planning unit subsequently pulls together the different business plans. The DETE publishes an annual report, which provides an update of progress in respect of its goals, as measured by its performance indicators. The report provides, among other things, relevant data concerning expenditure on programmes, economic immigration, industrial disputes and employment growth and unemployment.

The DETE's statement of strategy for the period 2003-05 provides a description of the Department's mission and performance indicators. The latter are associated with five themes or "pillars": enterprise, innovation and growth; quality work and learning; making markets and regulation work better; quality, value and continuous improvement; and the European Union. The department has been reorganized in an attempt to improve the effectiveness with which the different themes are addressed. The Labour Force Development and the Employment Rights and Industrial Relations divisions of DETE have responsibility for objectives linked to pillar two (quality work and learning) and some of those associated with pillar five (European Union). The overarching goal associated with pillar two is as follows:

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We will ensure that labour market policy responds to changing skills needs and we will prioritise investment that delivers better jobs, lifelong learning for all and enhanced social inclusion. We will further enhance quality employment by improving and enforcing employment rights and entitlements and promoting industrial peace and effective dispute resolution (DETE 2003: 61).

“High level” performance indicators are set, in addition to more precise indicators associated with particular strategic actions or interventions. The “high level performance indicators” are:

- Workplace change issues identified and addressed through the Forum on the Workplace of the Future;
- Provision of a quality regulatory framework for Employment Rights through conformity with EU and core ILO and Council of Europe standards on Employment Rights and Health and Safety;
- Completion of the legislative programme on Employment Rights, including Health and Safety and Industrial Relation;
- Meet our quality customer service targets in the provision of statutory entitlements;
- Completion of a programme of review of active labour market measures;
- Extent of implementation of recommendations of Expert Group on Skills Needs (EGFSN);
- Development of an active plan for the implementation of the recommendations of the Task Force on Lifelong Learning;
- Rate of progression to employment from Department-funded Active Labour Market Programmes (ALMPs) by major programme type;
- Extent to which Social Partnership contributes to competitiveness, inclusion and employment;
- Appropriate and timely adjustments made to ESF co-funded Programmes and Measures under the National Development Plan to ensure that they continue to meet Ireland’s Labour Market needs going forward (DETE 2003: 61-62).

Among the more detailed performance indicators are:

- New Community Employment model to be developed for consideration by the Government by mid 2003
- New Health and Safety Bill to be published in the last quarter of 2003
- Publication of a review [of the Employment Rights Bodies] by mid 2004
- Ensure that the strengthening of competitiveness be central to the Social Partnership process as well as interactions with the EU and other international bodies (DETE 62-67).

The Department has also established performance indicators by which to measure progress in respect of pillar four of the Department’s strategy (quality, value and continuous improvement). The goal of the DETE in this regard is as follows:

We will ensure that the resources entrusted to us deliver value for money. We will grow our skills and competencies to continuously improve our service to our customers and stakeholders at all levels (DETE 2003: 72).

The high level performance indicators associated with this goal are:

- Departmental expenditure as a proportion of overall Government supply services expenditure;
- Publication of VFM expenditure reviews and follow up reporting on evaluation;
- Service performance against published standards and in particular: Volume of employment rights queries and cases handled through inspection to enforcement; reduced waiting periods for Redundancy and Insolvency payments; reduced waiting time for Employment Appeals Tribunal hearings;
- Customer attitudes to service delivery as measured by survey;
- Trend in volume of information made available to the public;

- Volume of services delivered electronically;
- Trend in Freedom of Information requests;
- Volume of public enquiries processed;
- Trend in ministerial representations: volume and timeliness. (DETE 2003: 72)

Among the more detailed performance indicators associated with pillar four are:

- Divisional business plans agreed end February annually, reviewed mid-year annually;
- Business plans and strategy reviewed twice yearly by Management Board. Overall report on Departmental performance via the Annual Report;
- Standardised layout of website across Divisions. Clear, logical and user-friendly content. Positive customer feedback;
- Efficient and effective dissemination of Departmental information through the introduction of the Intranet in the Department;
- Continue to allocate resources to training and development with a view to providing training on a value for money basis within the existing overall target of 4% of payroll by end 2003;
- Introduction of a formal complaints procedures. Completion of the Customer Care Research Programme. Completion of QCS Audits of Business Plans;
- New Financial management System (FMS) to be in place by November 2003. Roll-out of purchasing module to central Purchasing Units by end 2003 and throughout the Department by end 2004, to facilitate capture of accruals information (DETE 2003: 73-77).

#### **5.4 Potential drawbacks of performance management**

Performance management may be associated with changes in methods of working and increased attention being devoted to training and IT provision, all of which may contribute to the effectiveness and efficiency of departments. However, experience has revealed some of the limitations of performance measurement and the potential for concerns with performance measurement and management to conflict with attempts to simultaneously devolve responsibility. Glover (2002) argues that the challenges of implementing a performance management system in the US have been increased by the decentralization that has taken place and the consequent requirement that the Labour Department work with different bodies and independent contractors. Peters (2001), moreover, has suggested that reforms in the US have resulted in new sources of tension, with the shift towards devolved responsibility sitting uncomfortably alongside measures designed to enhance the control of politicians over public policy and administration. Peters argues that reforms of public administration in the US, as well as reforms of substantive policies, have shifted power relationships. A similar scenario has emerged in the UK, where the setting of Public Service and Service Delivery Agreements has effectively enhanced the control of the Treasury over spending departments.

In both Ireland and the UK concerns have been expressed about the extent to which decentralization occurs within departments and the consequences of devolved responsibility. The Irish DETE sets objectives and performance indicators in respect of people management and certain people management functions have been delegated to divisional line managers. However, line managers are not allowed to appoint, promote or re-deploy staff. The extent to which line managers can exercise responsibility in respect of people management and “human resource development” is therefore limited. Concerns have also been expressed about attempts to link the pay of Irish civil servants to their “productivity” (i.e. performance related pay). While developments in this regard have been intended to ensure that all divisions within a Department work hard to ensure that the Department as a whole meets its targets (and that all civil servants within it receive a bonus), it is felt that this initiative can “set sections against sections” since the failure of

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one section to meet a target results in the entire Department losing out on incentive payments.

The UK Government's *Modernising Government* agenda contains similar contradictions. Flynn (1999), for example, has argued that the reforms subject civil servants to conflicting pressures:

Managers are asked to take risks and innovate while delivering a large number of performance targets and processes, both of which are subject to detailed audit and scrutiny. They are to be asked to consult widely and in detail and still to follow directions. Staff are to be committed and devoted while having their reason for delivering the service frequently scrutinized as part of the Comprehensive Spending Review (Flynn 1999: 584).

A similar point has been made by Bogdanor (2001: 297) who argues that there is a conflict between the demands for collective responsibility and joint action and the increased focus on the performance of individuals associated with recent civil service reforms. Bogdanor argues that performance related pay, and the associated stress on individual responsibility, may undermine cross-departmental working.

Clearly, a government's success in hitting a self-defined target should not be automatically treated as an indication of the extent to which a policy has been effective in tackling deeply-rooted problems. In part, this will depend on the validity of the analysis informing the policy. It was noted in Section 3 that the UK Government believes that compulsion is the key to shifting the unemployed from "welfare to work" and that this belief has partly been informed by a particular (and contestable) reading of evidence from the US. Less easily measured, clear-cut and politically useful outcomes, such as the contribution of personal development activities in enhancing the employability of the unemployed, have tended to be downplayed. Moreover, the Government does not attempt to measure the quality of jobs; the emphasis is simply on moving people from welfare into work. There are no workforce development measures, which is of concern given the emphasis the Government places on education and training as determinants of economic prosperity. The absence of a measure may reflect the fact that the Government has little control over levels of investment in vocational education and training within the workplace, and therefore has no way of taking action to meet targets.

Moreover, there may be a temptation to set targets where the desirability of a particular outcome is least contentious (for example, reducing unemployment, increasing access to training opportunities). Where conflicts of interest are more likely to occur, ministries may be reluctant to set anything other than broad objectives. A case in point is industrial relations. Despite having responsibility for industrial relations, objectives in this area do not feature among the DTI's PSA and "Service Delivery" targets. There are two main reasons for this. Firstly, while it is generally believed that industrial relations affect economic performance, the causal relationships involved are often disputed. For this reason, there are deemed to be problems in defining industrial relations PSA targets that unambiguously contribute to the Government's over-arching objectives. Secondly, and perhaps more importantly, there are political reasons for avoiding PSA targets in this area, given the different objectives of, and views held by, employers and trade unions.

Unlike the DTI, Ireland's DETE does set performance indicators for industrial relations that go beyond the implementation of new individual and collective rights and performance indicators linked to "industrial peace" (e.g. number and percentage of disputes resolved). The DETE has established a strategic objective that explicitly links competitiveness to industrial relations. The DETE states that it intends to:

Strengthen competitive advantage through: improved dialogue in the workplace through Information & Consultation; improved knowledge and awareness of Corporate Social

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Responsibility; Social Partnership at national and local level; the adaptive Workplace of the Future (DETE 2003: 67).

The performance indicator associated with this objective is to:

Ensure that the strengthening of competitiveness be central to the social partnership process as well as interactions with the EU and other international bodies.

It is possible that social partnership in Ireland (discussed in Section 6) has provided the DETE with the “political space” to set an objective that links industrial relations to economic performance. The lack of an established social partnership approach in the UK may partly explain the absence of a similar objective from the DTI’s strategy.

Finally, the ability of departments to measure their performance accurately remains questionable in some cases. Glover (2002) notes that the US General Accounting Office has criticized the Department of Labor for a lack of adequate performance measures to determine whether programmes have met their objectives, inadequate strategic planning and inadequate financial controls to prevent the abuse of benefits (GAO 01-251, January 2001).

## 5.5 Coordinating and joining-up policy-making

A further initiative sometimes associated with the new public management agenda is the so-called “joining-up” of public administration. Various definitions of “joined-up” government exist. For Ling (2002), joined up government in the UK context (which is not a new concern of policy-makers)<sup>53</sup> is best seen as:

an umbrella term describing various ways of aligning formally distinct organizations in pursuit of the objectives of the government of the day (Ling 2002: 616).

Attempts at joining-up service delivery (e.g. employment services) have been made in a number of countries (see Ling 2001: 619-621 for a summary of examples). Australia and the UK, for example, have both developed “one stop shop” employment and benefit centres. In 1997 the Australian Government created a new organization, Centrelink, which brought together the delivery of the employment services, training programmes and social security benefits (Aldrich et al. 2000: 6). The Jobcentre Plus initiative in the UK, introduced in 2001, is similar in that it provides a single point of access for benefit claimants and requires claimants to meet with a personal adviser who is supposed to provide help and advice relating to “job search” activities.

Attention has also focused on the “joining up” of policy-making activities. In several countries concerns have been expressed about the lack of effective mechanisms for inter-

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<sup>53</sup> Attempts at encouraging “joined-up” government go back at least as far as the Joint Action on Social Policy initiative of 1971 (M. Taylor 2001: 11).

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departmental communication and coordination.<sup>54</sup> The lack of such mechanisms may become particularly problematic where governments seek to tackle issues for which several departments have partial responsibility (for example, social exclusion).<sup>55</sup> A recent study of seven EU Member States (Gribben et al. 2001) found that, while the benefits of joined-up policy-making were widely recognized, examples of joined up thinking were relatively rare. In some countries, inadequate information technology arrangements have formed a barrier to joined-up policy work. In the UK, for example, many departments initially developed non-integrated IT systems, meaning that most civil servants could not communicate with their counterparts in other departments via email (Kavanagh and Richards 2001: 9). Steps have been taken to rectify the situation and every department now has a senior official whose task is to champion the upgrading of IT provision. In Ireland, similar steps have been taken to improve IT provision and support and an intranet has been developed to improve communications within DETE (DETE Annual Report 2002).

While fully joined-up policy-making may be relatively rare, many countries nevertheless seek to ensure that policies are coordinated. Coordination of policy is pursued in a variety of ways. In the Philippines, for example, government departments are required to set their priorities in accordance with development plans (the Medium-Term Philippine Development Plan or MTPDP), which are adopted at the start of every political administration (Bitonio 2001).<sup>56</sup> According to Bitonio, the process of development planning helps ensure that activities are coordinated and policy goals consistent (Bitonio 2001: 73).<sup>57</sup>

In the US the Secretary of Labor is involved in White House policy-making through his or her membership of the National Economic Council (NEC) and the Domestic Policy Council (DPC), both of which are administered within the Office of Policy Development in the Executive Office of the President (Glover 2002). The NEC, which was established in 1993, is responsible for coordinating economic policy-making and monitoring the implementation of economic policy. The DPC coordinates policy in a number of other

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<sup>54</sup> In the UK, for example, concerns have long been expressed about the phenomenon referred to as “departmentalism”, a term that describes the tendency of civil servants to focus on the requirements of their ministers and the objectives of their departments to the neglect of wider cross-departmental objectives. As Flinders (2002) notes, in general, policy programmes in the UK tend to be developed by individual departments in relative isolation from other departments. Issues that do not fit comfortably within a department’s remit or which overlap with the remit of another department do not tend to be addressed (Flinders 2002). “Departmentalism” has also been identified as a problem affecting the Japanese system of public administration. Goto (2001) argues that ministries in Japan often develop policies without formal consultation with other ministries and claims that this is partly due to the power wielded by “career civil servants”, who normally work within a single ministry throughout their career and are thus inclined to focus on departmental objectives to the neglect of broader goals.

<sup>55</sup> For Flinders (2002: 56), the most important challenge to cross-departmental working in the UK is the fact that the profile of ministers and officials is more likely to be enhanced through the introduction of high-profile departmental initiatives than through a relatively less-visible contribution to cross-departmental working. As Kavanagh and Richards (2001: 14) note, “personal political ambition often allies with departmentalism to weaken collective government”. They further note that a relatively fast turnover of ministers (“two years” service in the department on average) can weaken a programme.

<sup>56</sup> The objectives of the MTPDP in respect of labour and employment are poverty eradication, employment creation raising the standard of living remain key goals (Bitonio 2001).

<sup>57</sup> The Department of Labor and Employment Secretary is a member of the board that formulates the plans (Bitonio 2001: 62).

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areas, including health and labour issues. In addition, there are occasions when departments collaborate. Glover (2002) provides an example of cross-departmental working involving the Departments of Labor and Education, which jointly established and staffed a National Office on School-to-Work to implement the National School to Work Act 1994.<sup>58</sup>

In Ireland there are a variety of cross-departmental groups and the DETE can ask to be included on any committee that it regards as addressing an issue within its remit. DETE also maintains contact with other key departments and discusses proposals with these departments as necessary. The Irish Government has a Cabinet Committee that focuses on the issue of social inclusion. The Cabinet Committee will ask civil servants to undertake studies to ensure policies meet social needs as well as economic needs.

Cabinet Committees also exist in the UK to relieve pressure on Cabinet and allow for detailed discussion of policy initiatives by the ministers most closely connected with them. The Cabinet Committees are supposed to provide for top-level policy coordination and resolve inter-departmental conflicts when the ministers involved have been unable to do so. Committees have sub-committees that enable discussion of issues that stretch across the boundaries of more than one department.<sup>59</sup> The key committees that deal with issues relating to labour, employment and welfare are the Ministerial Committees on Domestic Affairs; Economic Affairs, Productivity and Competitiveness; and Welfare Reform. These committees have sub-committees dedicated to Adult Basic Skills (which works to the Committee on Domestic Affairs) and Employment (which works to the Committee on Economic Affairs). The Chancellor of the Exchequer chairs the Economic Affairs committee and the Employment sub-committee.<sup>60</sup> The remit of the former committee is to “consider issues relating to the Government’s broader economic policies, in particular measures to improve productivity and competitiveness of the UK economy”. The Secretaries of State for Work and Pensions, Trade and Industry and Education and Skills are members. The Cabinet Committees and sub-committees are supported by six secretariats, whose tasks include coordinating policy work stretching across the boundaries of more than one department.

The UK Government has also formed a new body to bring about improved coordination of policy development. The Performance and Innovation Unit (PIU) was created in 1998 to “improve the effectiveness of government policies, their implementation and service delivery mechanisms by working with departments on innovative and crosscutting projects” (Richards and Smith 2001: 150). The PIU is intended, therefore, to act as a resource for Government as a whole, focusing on long-term issues that cut across departmental boundaries and tackling issues on a project basis ([www.cabinet-office.gov.uk](http://www.cabinet-office.gov.uk)). It works in small teams, drawing on experience and knowledge from both within and outside Government (ibid.). In an attempt to further encourage joined-up

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<sup>58</sup> According to Glover (2002: 23-4) “Under the American appointed cabinet government, the biggest incentive to interagency collaboration on any initiative is the persistent interest and support of the President”.

<sup>59</sup> However, the types of inter-departmental issues that Cabinet Committees and sub-committees might previously have been expected to address have increasingly been delegated to “taskforces” dedicated to specific issues and composed in large part of individuals from outside Government.

<sup>60</sup> The Chancellor also chairs the Ministerial Committee on Public Services and Expenditure, which has an indirect influence on policy.

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government, projects undertaken by the PIU are sponsored by a Minister who is not from the department involved (Kavanagh and Seldon 2000: 292).<sup>61</sup>

The *Modernising Government* agenda has also forced all UK Government departments to at least pay lip-service to the need to co-ordinate policy-making more effectively, particularly in respect of cross-departmental policy concerns. In its 2001 annual report (DfEE 2001) the DfES outlined the steps it was taking to ensure that policy-making is “joined up” within the department. These included day events for team leaders within the Department, the introduction of a website on the Department’s intranet to bring together advice and case studies and the development of an on-line policy induction module for staff new to policy development. The DfES has also participated in a Treasury-funded scheme that supports the secondment of academics to departments.

In Japan, almost all key policy decisions are made through cabinet meetings (Goto 2001). Goto argues that decision-making is consensus based and that this provides an incentive for ministries to consult prior to meetings. In addition, a number of other formal mechanisms for communication, coordination and consultation have been established, including the Council on Economic and Fiscal Policy (CEFP), the Council for Gender Equalities and the headquarters for Industrial Structural Reform and Employment Measures. All of these bodies are part of the Cabinet Office, which since 2001 has been strengthened. It now formulates the basic thrust of economic policy, although other ministries also play a role. The Council on Economic and Financial Policy formulates long and medium-term economic policy. Forty per cent of its members are supposed to be from the private sector (Goto 2001). It is chaired by the Prime Minister and its standing members include the Minister of Finance, Ministers of Economy Trade and Industry, and Minister of State for Economic and Fiscal Policies. However, the Minister of Health, Labour and Welfare is not a standing member, although he or she is sometimes invited to attend. The Council for Gender Equality and the Gender Equality Bureau were established as part of the Cabinet Office in 2001. The latter formulates and coordinates plans to tackle gender inequalities. The membership of the former body comprises ministers (including the Minister for Health, Labour and Welfare, the Finance Minister and the Minister of Economy, Trade and Industry), business leaders and academics (Goto 2001). The headquarters for Industrial Structural Reform and Employment Measures, which is also part of the Cabinet Office, was created in 2001 to address the issues of industrial restructuring and unemployment. It has produced two key reports, both of which the Ministry for Health, Labour and Welfare contributed to. However, despite these new bodies and the role of the Cabinet, Goto contends that there is a lack of joined up policy work and that this is a consequence of the inability of the Prime Minister to coordinate the policies of different ministries.

Policy coordination in Germany is supported by parliamentary committees. The Bundestag has a committee for almost every ministry, including Economics and Labour. Committees can request information from ministries. In the event that a new labour law is drafted, for example, representatives of the Ministry of Economics and Labour will be invited to meet the relevant committee, answer questions and discuss any changes to the draft legislation that the committee might propose. With regard to inter-ministerial coordination prior to the creation of draft legislation, the standard practice in Germany is for ministries to be involved in discussions where another ministry is developing legislative proposals that affect its own area of responsibility. Before proposals reach cabinet, every ministry has to be informed about any new proposals in order to check

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<sup>61</sup> However, according to Richards and Smith (2001: 152) the Government’s attempts at centralizing power and improving coordination are being undermined by the simultaneous creation of competing centres of power, such as the PIU. The problem of departmentalism may therefore have been reproduced in a different guise (Kavanagh and Richards 2001: 17).

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whether there are any areas of overlapping responsibility.<sup>62</sup> If there are overlaps, the relevant ministries can request changes. The Economics and Labour Ministry often has to coordinate with other ministries. When developing initiatives in respect of illegally working persons, for example, the Economics and Labour Ministry will coordinate with the Ministry of Finance, which has competency in this area as it concerns people who are not paying taxes. When developing initiatives that affect women, the Economics and Labour Ministry will coordinate with the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth and so on. The latter ministry took over responsibility for legislation in respect of working mothers from the Ministry of Labour and Social Affairs in the 1990s. In practice the procedure is that other ministries are informed, comments are received and an attempt is made to reach a consensus, which is usually possible. A similar system applies in the Czech Republic. If the MOLSA drafts legislation, all other ministries are provided with copies and asked to supply comments. Whether the proposed legislation is taken forward depends on the ministries reaching an agreement.

One area where coordination may be particularly important is vocational education and training. In most countries responsibilities for education, employment and the economy reside with different departments (Aldrich et al. 2000). However, given the allegedly increasing importance of skills and knowledge to competitiveness, and the emphasis placed by many countries and organizations such as the OECD on “employability”, it can be argued that effective coordination of policy in these different areas is vital if governments are to encourage the creation of ‘high-skill economies’. Alternatively, it can be argued that policy responsibilities should be housed in a single department. To some extent, this is the situation in Ireland. Until 1994 Ireland had a Department of Industry and a Department of Labour, which dealt with labour protection and vocational education and training. In 1994 these two departments were brought together. According to civil servants within the department, a benefit of the merger has been that it has enabled the coordination of vocational training policies for “sustainable jobs” as the department is both responsible for industrial policy and the allocation of training funds.<sup>63</sup> Training policy is informed by an external “Expert Group on Future Skills Needs”, which includes people with knowledge of different industries and skill requirements and representatives of the DETE.<sup>64</sup>

As noted in Section 2, in many countries attempts have been made to achieve a closer relationship between welfare (particularly unemployment benefit) and employment policy. In countries such as Japan, Germany and the UK, responsibilities have been combined within single ministries in the hope of bringing about a better coordination of policies and programmes. According to Goto (2001), the creation of a new Ministry for Health, Labour and Welfare has resulted in a more integrated approach to social and labour issues being adopted. However, mergers and the redistribution of responsibilities can create new difficulties for the policy development process. In the UK, the creation of the Department

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<sup>62</sup> The responsibility for ILO formally resides with the Ministry for Labour Affairs. However, as the ILO is doing an increasing amount of work in the area of social security new coordination mechanisms are being developed between the Health and Social Security and Economics and Labour ministries.

<sup>63</sup> The DETE does not have sole responsibility for training. The Department of Education and Science is responsible for training in schools and universities. The extent of communication between the two departments is regarded very favourably by DETE officials.

<sup>64</sup> The DETE is responsible for Forfás, which is a national body that provides the Government with advice on industrial policy. It also delegates responsibility to various agencies and provides the secretariat for the Expert Group on Future Skills Needs. Vocational Training is administered by FÁS, the Training and Employment Authority.

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for Work and Pensions (DWP) in 2001, which brought responsibility for employment and welfare policy under the control of one department, represented an institutional expression of the Government's desire to place work at the centre of welfare reform. Before 2001, responsibility for welfare and employment had resided with the Department of Social Security (DSS) and the Department for Education and Employment (DfEE) respectively. Despite attempts by the DfEE and DSS to achieve coordinated policy-making in the period up to 2001, a view was formed that the welfare to work agenda had to be embedded institutionally. However, some have questioned the organizational logic behind the creation of the DWP. Kemp (2001), for example, has wondered whether transferring employment responsibilities from the DfEE to the DWP "makes sense", given that the DfEE had been created in a belief that education, training and employment policy would be more coherent if developed within a single department. It is possible that the separation of employment and education will make a coherent labour market policy more difficult to achieve, given the different objectives of the DfES and DWP. The long-term outcome may be less integrated analysis of skills and the labour market. However, civil servants within the DWP have suggested that the result may be more coherent research that links study of the labour market to social policy outcomes.

Restructuring ministries so as to house responsibility for linked policies and programmes within a single ministry does not automatically result in more coordinated policy development or service delivery. In the UK social services and social security were not effectively integrated when these issues were made the responsibility of a combined Department of Health and Social Security (Cabinet Office 2000). In the case of Germany's new Ministry for Economics and Labour, the implications of the merger for the "joining up" of policy are still being worked through. However, it has been suggested that the Ministry would benefit from improved coordination and shared understanding of the different interests of the directorates general across the ministry. Coordination in the former Ministry of Labour and Social Affairs was achieved through "coordination units", which existed within the individual general directorates. In the event of an issue arising that might affect another directorate, that directorate's coordination unit would be informed. However, this system of communication does not appear to have been reproduced in the new Ministry.<sup>65</sup>

New coordination challenges also appear to have arisen as a result of there now being several directorates general that handle issues relating to business. The structure of the new Ministry is as follows:

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<sup>65</sup> The former Economics ministry did not have equivalent coordination units and appears to have been less "joined-up".

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**Table 2: The Directorates General of the Ministry of Economics and Labour**

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DGZ	Central Administration
DG1	Economic Policy
DGII	Labour Market Policy, Unemployment Insurance, Employment of Foreigners
DGIII	Labour Law, Health and Safety at Work
DGIV	Trade and Industry, Environmental Protection
DGV	External Economic Policy and European Integration Policy
DGVI	Technology and Innovation Policy, Germany's New State
DGVII	Telecommunications and Posts
DGVIII	Small and Medium-Sized Businesses, Crafts, Services, Liberal Professions, Education
DGIX	Energy
DGX	European and International Employment Policy

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DGI deals with economic policy as a whole, DGV deals with exporting enterprises and DG VIII deals with small and medium-sized enterprises. Dialogue therefore has to be organized across a number of different departments within the Ministry. If the Labour Law directorate, for example, draws up legislation, the draft must be circulated to the other departmental Directors-General, who can request changes. To that extent, reaching a consensus might be more difficult than had been the case prior to the merger because of the increased size and responsibilities of the Ministry. Moreover, while the merger may have enhanced the power of the Minister, as there is no longer the potential for disagreement between the Minister of Economics and the Minister of Labour, one potential consequence of the fact that it is no longer necessary for two ministers to reach agreements is that the civil servants might come under more pressure to reach a compromise themselves. For example, in the past the Minister of Economics and the Minister of Labour would discuss in Cabinet the consequences of new labour legislation for the German economy. Under the new structure discussions of this kind must take place within the Ministry in advance of policies being articulated at Cabinet level.

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## 6. Social dialogue and involvement of non-government actors

The degree of involvement of non-governmental actors, in particular the social partners, in policy-making varies considerably between countries and within countries over time. Involvement of the social partners in the policy-making process is commonly referred to as “social dialogue”. The ILO’s most recent definition of social dialogue is as follows:

Social dialogue represents all types of negotiation, consultation and information sharing among representatives of governments, social partners or between social partners on issues of common interest relating to economic and social policy (from Rychly and Pritzer 2003).

Some countries have well-established fora that enable the social partners to influence, or at least be consulted about, the economic and social policy agenda. Tripartism is a key aspect of governance in the Philippines, for example, and current practice is that all rules issued by the Department of Labor and Employment (DOLE) must undergo tripartite consultation before being issued (Bitonio 2001). In other countries, tripartite negotiations or consultation with social partners are either absent or restricted in terms of the range of issues that they address. In the United States, for example, there are no tripartite forums or mechanisms for developing consensus. Glover (2002) notes that the social partners are not well organized themselves and emphasizes that “the relative weakness of American unions makes it difficult for workers’ interests to be expressed in the economic policy-making process. Erosion of the influence of the Labor Department in economic policy is in part a consequence a result (sic) of this decline in union density”.

Within the European Union, the European Commission promotes social dialogue as a means of implementing the European Employment Strategy. The 2003 Employment Guidelines include a section on “good governance and partnership”, which advocates, among other things, that the social partners should be invited at national level, “in accordance with national traditions and practices”, to ensure the effective implementation of the guidelines and to report on their impact in areas for which they have some responsibility (e.g. gender equality).<sup>66</sup>

### 6.1 Social dialogue in Ireland

In countries where social dialogue is relatively well established, it has sometimes come about as a response to economic and social difficulties. Social dialogue in Ireland, for example, came about as a response to macroeconomic pressures in the 1980s. The outcomes of discussions involving the social partners and the State are enshrined in national “partnership agreements”. The first such agreement was reached in 1987 against a backdrop of high unemployment and inflation. The seriousness of the difficulties besetting the Irish economy and the urgent need for solutions were accepted by employers’ bodies and trade unions. The 1987 partnership agreement was essentially an agreement on wages, whereby the unions agreed to moderate wage increases in return for tax concessions. Subsequent partnership agreements, however, have been more far-reaching in their content and have addressed a number of social and economic policy issues.<sup>67</sup> To date, there have been six agreements, each of which has had a lifetime of three years. The agreements

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<sup>66</sup> [www.eiro.eurfound.ie/print/2003/10/tfeature/de310205t.html](http://www.eiro.eurfound.ie/print/2003/10/tfeature/de310205t.html)

<sup>67</sup> See Baccaro (2003) for an overview.

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provide much of the policy content of the country's National Action Plans in respect of the European Employment Strategy.<sup>68</sup>

**Table 3: Partnership Agreements in Ireland**

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Programme for National Recovery 1987-90  
Programme for Economic and Social Progress 1990-93  
Programme for Competitiveness and Work 1994-96  
Partnership 2000 1997-2000  
Programme for Prosperity and Fairness 2000-03  
Sustaining Progress 2003-06

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The goal of the latest agreement (*Sustaining Progress*) is as follows:

To continue progress towards the realisation of the NESC vision for Irish society in terms of:

- economic inclusion based on full employment;
- consistent economic development that is socially and environmentally sustainable, social inclusion and a commitment to social justice; and
- continuing adaptation to change.

In this period of considerable uncertainty, to do this by sustaining economic growth and maintaining high levels of employment and securing living standards for all, while strengthening the economy's competitiveness and thereby its capacity to resume trend growth in more favourable international conditions (Department of the Taoiseach 2003: 12).

*Sustaining Progress* (Department of the Taoiseach 2003) highlights 10 special initiatives to progress during the three years in which the agreement will be in force. A number of these (housing and accommodation; migration and interculturalism; long-term unemployed, vulnerable workers and those who have been made redundant; tackling educational disadvantage – literacy, numeracy and early school leaving; including everyone in the information society; ending child poverty) have, to a greater or lesser extent, implications for employment and social welfare policy. The partnership agreement also enshrines a joint commitment to the further “modernization” of public administration and, to that extent, underpins the Strategic Management Initiative (described in Section 5).

New mechanisms for engaging the social partners have been proposed to support the policy framework established under Sustaining Progress. The proposal is as follows:

- A Steering Group for the Agreement representing Government and four representatives from each of the social partner pillars, will be established with overall responsibility for management of the implementation of the Agreement;
- the Steering Group will review, monitor and report on progress in the implementation/progression of the wider policy framework at the quarterly plenary meetings;
- social partners will be engaged by relevant Government Departments on specific policy proposals, on the basis of the agreed terms of engagement set out in the Agreement;
- any issues or difficulties in relation to engagement on issues covered by these chapters can be raised with the Steering Group. The Steering Group may make

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<sup>68</sup> [www.eiro.eurofound.ie/print/2002/06/tfeature/ie0206203t.html](http://www.eiro.eurofound.ie/print/2002/06/tfeature/ie0206203t.html).

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- recommendations as appropriate to ensure the effective delivery of the spirit and intent of the Agreement; and
  - the Steering Group will also identify, prioritise, timescale and agree those issues which require further study or examination within any of the relevant Institutional Arrangements identified in the Agreement (Department of the Taoiseach 2003: 17)

While the partnership agreement is not legally binding, it is nevertheless regarded as influential. A large number of interest groups, including representatives of the voluntary sector, were involved in the development of the current agreement. In addition to the Irish Business and Employers' Confederation (IBEC), the Irish Congress of Trade Unions (ICTU) and industry confederations such as the Construction Industry Federation (CIF) and Irish Tourist Industry Confederation, a collective body known as the "Community Platform" was party to the negotiations. The Community Platform is composed of 26 participant organizations from the voluntary and community sectors.

Ireland has two national consultative forums involving the social partners and other groups. The longest standing of the two is the National Economic and Social Council (NESC), which was established in the early 1970s. Its main task is to "provide a forum for discussion of the principles relating to the efficient development of the national economy and the achievement of social justice, and to advise the Government through the Taoiseach (the Prime Minister), on their application" (McCashin et al. 2002: 276). The NESC is under the Taoiseach's office and it is this body that is responsible for negotiating national partnership agreements. The NESC meets shortly before a new partnership agreement is made in order to discuss the issues and subsequently publishes a strategy document, which forms the basis for discussion in partnership talks. Once an agreement is reached, the NESC begins looking at the next period and will only meet approximately once every three months (to undertake a quarterly review) until the next agreement is due to be reached, at which time it will meet monthly.

More recently, a National Economic and Social Forum (NESF) was established by the Irish Government in 1993 to develop economic and social policy initiatives. It was created during the period of the Fianna Fail-Labour Party coalition under the auspices of the Deputy Prime Minister (the Tanaiste). The forum is serviced by a full-time secretariat, seconded from the civil service, under the authority of a director. It was particularly intended to "develop economic and social policy initiatives, particularly initiatives to combat unemployment, and to contribute to the formation of a national consensus on social and economic issues" (McCashin et al. 2002: 264). In addition to representatives from Parliament and the social partners, the voluntary and community sectors (or "third strand") have representation on the forum.<sup>69</sup>

McCashin et al. (2002: 266) report some problems associated with third strand participation within the NESF. It has been suggested that some of recommendations put forward by the NESF draw on recommendations and policy documents already in circulation and, to that extent, the "margin of policy input from the third strand and the NESF generally" is less than might sometimes be imagined. Moreover, some of the "third strand" representatives surveyed in McCashin et al.'s study felt that their employers or main agency did not facilitate participation in NESF and that they had to take leave to attend meetings. McCashin et al. also discovered a perception on the part of third stand

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<sup>69</sup> Prior to the creation of the Forum, the NESC was the only national consultative forum of economic and social policy. However, membership of the council was dominated by representatives from the traditional social partners and no formal mechanism existed for involvement of the community or voluntary sectors in policy formulation (McCashin *et al.* 2002: 264). This situation has changed and voluntary and community groups are now represented on the NESC.

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representatives that NESF's role is taken less seriously by Government than of the NESC and that the social partners and Government are less committed to NESF than NESC.

In general, however, commitment to the social partnership approach appears to remain strong, despite the problems that have beset it in recent years. In 2000, rising inflation and associated calls by trade unions for compensatory wage rises put pressure on the partnership agreement. Eventually, IBEC agreed to a review of the pay terms set out in the then current *Programme for Prosperity and Fairness* partnership agreement.<sup>70</sup> IBEC has since suggested that the price of partnership deals is too high (in terms of the level of associated pay awards) and has expressed the view that it would prefer to return to a system of collective bargaining.<sup>71</sup> Moreover, it has been suggested that IBEC representatives believe that some other representatives involved in discussions do not really represent interest groups but are simply "talking heads". However, for the time being the employers remain committed to partnership, as do the unions. Policy-makers also remain supportive of the principles and practices of partnership, although there is a perception that the process of reaching agreement can sometimes act as a drag on policy-making. Nevertheless, it is recognized that consultation processes are inevitably time consuming and consultation is generally regarded as being highly beneficial because it results in better-informed policy-making.

Ireland has also involved the social partners in policy development through their participation in task forces designed to address specific issues. A Task Force on the Prevention of Workplace Bullying was created in 1999, involving representatives from ICTU, IBEC, the Employment Appeals Tribunal, the Labour Court, the Labour Relations Commission, the Health and Safety Authority, the Equality Authority, DETE and the Department of Justice, Equality and Law Reform. The taskforce commissioned a survey to explore the incidence of bullying in the workplace and made a number of recommendations in respect of actions to tackle the problem.

A taskforce was also recently established to make recommendations in respect of lifelong learning. Its recommendations have been accepted as a strategic framework to orientate future initiatives in respect of lifelong learning. As mentioned in Section 5, an Expert Group on Future Skills Needs also exists. This body, which is a standing forum, makes recommendations in respect of vocational education and training. Its members are drawn from employers' bodies, trade unions, the education and training sector, government departments and State agencies. The Expert Group identifies the skill requirements of different sectors and provides advice in respect of various aspects of vocational education and training policy.<sup>72</sup>

A number of other fora have been established under the auspices of the partnership agreements. A National Framework Committee for Work/Life Balance Policies<sup>73</sup> was created following negotiations between the social partners and Government under the *Programme for Prosperity and Fairness* agreement. The agreement established that

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<sup>70</sup> [www.eiro.eurofound.ie/print/2000/12/feature/ie0012161f.html](http://www.eiro.eurofound.ie/print/2000/12/feature/ie0012161f.html).

<sup>71</sup> It is possible that the increasing presence of US multinationals, many of which prefer not to recognize trade unions, may prove a source of strain. It is also possible that continuing losses of membership from the trade unions may, to the extent that they may weaken the union movement, reduce incentives for employers to participate in partnership agreements and the ability of the unions to argue in favour of the maintenance of social dialogue.

<sup>72</sup> [www.skillsireland.ie/about\\_us/index.htm](http://www.skillsireland.ie/about_us/index.htm)

<sup>73</sup> Formerly known as the National Framework Committee for Family Friendly Policies.

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developing measures to reconcile work and family life is important in underpinning economic, social and equality objectives. The committee, which is tripartite in its composition, draws up an action plan of work-life balance initiatives. It has commissioned research on work life balance arrangements at the level of the enterprise and has also developed a web site that provides information on, among other things, different ways of organizing working time and provides assistance to organizations. It is supported by a secretariat within DETE. The future of the Committee will be determined under the next partnership agreement. The parties to the agreement will consider whether the need for the Committee continues to exist.

The *Programme for Prosperity and Fairness* Agreement also led to the creation of a National Framework Committee for Equal Opportunities at the Level of the Enterprise. This body will continue to operate during the term of *Sustaining Progress*. Among other things, the committee develops and disseminates practical support to bring about observance of equal opportunities at the workplace.

The number of committees under *Sustaining Progress* is smaller than had been the case under the *Programme for Prosperity and Fairness* agreement. It is widely felt that under the previous agreement too many committees had been created and that the Government and social partners had experienced difficulties servicing all of the committees. This partially explains why, unlike the UK, Ireland has no standing committee with responsibility for the country's national minimum wage. A National Minimum Wage Commission (NMWC) was established in Ireland in 1997 to advise on measures designed to address low paid work. Unlike its UK equivalent, however the Commission did not remain in existence following the introduction of a national minimum wage. IBEC's view was that a standing commission would result in "institutional overkill" and it argued that the level of the minimum wage could be reviewed in the context of national agreements. ICTU agreed that an ongoing commission would be unnecessary and argued that the Labour Court could review the national minimum wage. These views were taken into consideration by an inter-departmental group established in 1998 and composed of representatives of the Departments of the Taoiseach, Finance, Enterprise, Trade and Employment, Social, Community and Family Affairs and others. The group agreed with the views expressed by IBEC and the ICTU on the lack of a need for a permanent NMWC and recommended that revisions of the rate should be "integrated into the process and cycle of national programmes". Since its introduction, the NMW has been considered in the context of partnership agreements.

## 6.2 Social dialogue in the Czech Republic

Social Dialogue in the Czech Republic is institutionalised via a tripartite Council for Economic and Social Agreement (RHSD), which is financed by the Government and situated in the Prime Minister's building. It is composed of Government, trade union and employer representatives. It functions as "a joint voluntary negotiating and initiative body for tripartite negotiations aimed at reaching an agreement on essential issues of economic and social development" (Article 1 of the Council of Economic and Social Agreement).

The RHSD was originally formed in 1990, although it was replaced by a more limited Council for Dialogue between the Social Partners between 1995 and 1997, before being re-established in 1998 (Casale et al. 2001). The stated purpose of the RHSD at the time of its creation was to "develop social dialogue with a view to maintaining social harmony as a critical condition for a successful transition to a market economy and higher living standards" (cited in Casale et al. 2001: 12). Initially, the RHSD was to be called the Council of Social Agreement. The name was changed to Council for Economic and Social Agreement in response to employer and trade union requests that its remit include economic policy (Fassmann and Čornejová 2003).

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In the 1991-94 period the Government and social partners signed up to annual “General Agreements”, committing themselves to the maintenance of social peace and expressing their willingness to resolve disputes through negotiation. The first agreement provided a framework within which the Government, employers and trade unions could work. While the general agreement was not legally binding<sup>74</sup> “it did have fundamental political significance because it defined social and economic tasks and expressed an agreement on collective interests in the tripartite system during the initial phase of the transformation of the society” (Eurofound 2004: 2).

Since 1998, the RHSD has become “an integral part of governance” (Casale et al. 2001: 23). It is competent in both economic and social policy and has 18 sub-committees.<sup>75</sup> It is supported by a permanent secretariat and plenary meetings of the core RHSD members take place at least five times a year (Rychly and Pritzer 2003: 37).<sup>76</sup> The RHSD’s recommendations are submitted to Government, the President and both Houses of Parliament. The Government takes into account the recommendations of the plenary sessions and those made by RHSD task groups designed to address specific issues.

The Government, unions and employers are each entitled to seven representatives at plenary meetings. On the Government’s side, the representatives comprise six ministers and one deputy minister. Union representatives comprise six representatives of Czech-Moravian Confederation of Trade Unions (CMKOS) and one representative of the Association of Independent Unions (ASO). CMKOS, which comprises 32 trade unions with a combined membership of one million workers, is the largest organization. The ASO has approximately 170,000 members. Other unions groups, such as the Confederation for Art and Culture, exist, but these are smaller organizations and are not entitled to be represented on the RHSD (Eurofound 2004). On the employers’ side there are representatives of the Confederation of Industry of the Czech Republic and the Confederation of Employers and Entrepreneurs’ Associations (CEEA) of the Czech Republic. The CEEA represents organizations such as the Union of Entrepreneurs in Construction, the Union of Employers’ Association and the Association of Investment Companies.

Until the mid-1990s the RHSD was chaired by the Finance Minister. Subsequently, it was chaired by the Minister for Labour. It is currently chaired by the Prime Minister (who was the Minister for Labour prior to taking up his current position), although the current Minister of Labour retains an executive role. Cooperation between the Labour Ministry and the RHSD is underpinned by provisions in the Labour Code that stipulate that any legal measure in the labour sphere, or any measure affecting employers or employees, can only be introduced after consultation with the RHSD. Among the topics discussed at the RHSD are reforms to the Labour Code, privatization and the minimum wage. In respect of the latter issue, which is a perennial topic, the employer representatives have recently accepted the unions’ case for an increase in the minimum wage, although agreement has

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<sup>74</sup> The unions were supportive of legally binding agreements. However, the employers and Government were not (Fassmann and Čornejová 2003).

<sup>75</sup> The subcommittees are: Tripartite and organisational issues; rules and procedures; labour relations and collective bargaining and employment; economic policy; social and welfare; safety at work; wages and salaries; civil service; transport; education; taxes and insurance; regional development; health care; industrial restructuring; illicit imports; general agreement; EU affairs; ILO affairs (Rychly and Pritzer 2003: 32).

<sup>76</sup> Working teams have been established to prepare materials for the plenary meetings. The teams cover labour legislation; professional relations, collective bargaining and employment; social welfare; work safety; and salaries, wages and related issues.

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not yet been reached regarding the value of the increase. The final decision on this will be taken by the Government. Another topic that is currently being discussed is the privatization of the North Bohemian coal mines. The social partners will participate in negotiations and inform the Government of the outcomes. The RHSD also commissions research studies, which have included analyses of the possible consequences of the Czech Republic joining the European Union ([www.vlada.cz/1250/vrk/vrk.htm](http://www.vlada.cz/1250/vrk/vrk.htm)).

Consultation also takes place outside of the RHSD and unions and employers' associations have contacts with ministries other than those provided for under the RHSD (Casale *et al.* 2001: 9). Furthermore, Czech legislation states that union and employer organizations may be 'sources of comments and suggestions regarding laws and statutory instruments if the proposed legislation affects important interests of employees' (Eurofound 2004: 2). The Government and social partners therefore sometimes participate in "round tables" to prepare legislation. According to Eurofound (2004: 3) "the idea is to exploit the expert potential of the broadest possible selection of interested experts and to garner support for bills in order to ensure they are passed in parliament". The round table meetings are convened by the relevant ministry and participants include the social partners, members of Parliament, scientists, researchers, judges and experienced experts (Casale *et al.* 2001: 16).

Social conferences have also been organized since 1998 in order to discuss issues such as reform of the social welfare system (1999) and pension reform (2000). Interested parties are able to attend, including independent experts and NGOs, and deliberations are fed into the policy process (Eurofound 2004). The social conferences, which are coordinated by the MOLSA, provide participation opportunities for those who are not represented on the RHSD. The Government is normally represented by the MOLSA, although representatives of other ministries also attend, depending on whether the issue under discussion is directly relevant to their area of responsibility (Casale *et al.* 2001: 15).

The social partners are also involved in work groups that "review the contents and periodicity of statistical inquiries in the Czech Republic" (Fassmann and Čornejová 2003:31) and also participate in the monitoring and evaluation of programmes (*ibid.*)

Support for social dialogue comes from across the entire political spectrum, although it has waned at certain times. Dialogue broke down in 1994 in the wake of a refusal by the Government to discuss proposed social security reforms with the trade unions (Casale *et al.* 2001: 13). Social dialogue was re-established in 1995, but on a considerably more restricted basis. A partial strengthening of dialogue occurred in 1997 as the Government attempted to attract support for planned restrictive economic policy measures. However, support for social dialogue was only properly re-established following the election of a social democratic government in June 1998 (Casale *et al.* 2001: 14).

Social dialogue continues to be regarded as a good means of seeking compromises. One example of the benefits of social dialogue is provided by an amendment to the Labour Code in 2000, which according to one senior civil servant would almost certainly have been rejected by the lower House of Parliament had it not been for the fact that it was supported by the social partners and the Government (Interviews). Sections of the Labour Code amendment were jointly prepared by the social partners and this example of round table social dialogue represented "the first instance where the social partners were allowed to participate fully in the drafting of legislation" (Casale *et al.* 2001: 16).

However, despite the relatively well-established practice of social dialogue, it has been argued that social dialogue has yet to be incorporated into the everyday activities of ministries (Casale *et al.* 2001: 9). Bilateral discussions between ministry officials and the social partners tend to take place on an ad hoc basis and generally occur only if initiated by the social partners (*ibid.*). Consultation is, however, more systematic in respect of new legal standards. Social partner involvement in the development of labour legislation is

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regulated by section 23 of the Labour Code, which stipulates that employers' organizations and trade unions must be consulted (Fassmann and Čornejová 2003: 20).

A number of barriers to the further strengthening of social dialogue have been identified by Fassmann and Čornejová (2003). They claim that the ability of the trade unions and employers' organizations to engage in social dialogue is limited by the resources at their disposal. Their ability to provide 'expert opinions' is hampered by the fact that "the number of professionals working in both trade union and employer headquarters is very low when compared with their counterparts in the EU countries" (Fassmann and Čornejová 2003: 18-19). They also emphasise that the development and maintenance of social dialogue should not be dependent on which political party happens to be in government and argue that the social partners should work to improve the skills available to their respective organizations. A strengthening of the social partners' respective membership bases is also seen as important to the maintenance and development of effective social dialogue.

### 6.3 Social dialogue in Germany

While consultation with social partners and NGOs is common in Germany, the extent of social partner involvement in the development of policy has varied over time. Bipartite discussions and negotiations involving employers and trade unions are very well established in a number of areas and provide the social partners with a central role in regulating a range of issues connected to work and employment, including the terms and conditions of homeworkers, pensions and vocational education and training (particularly initial apprenticeship training). Moreover, despite evidence of institutional erosion,<sup>77</sup> collective bargaining and co-determination continue to form central pillars of the German system of industrial relations.

By comparison, tripartite consultation and negotiation are relatively less extensive. However, tripartite discussions and agreements have been of importance during certain periods in Germany's recent history. Tripartite agreements of an essentially informal kind were pursued from the 1960s until the late 1970s as SPD-led governments sought to achieve macroeconomic expansion alongside price and wage stability (Jacobi et al. 1998). More recently, a tripartite "Alliance for Jobs, Training and Competitiveness" was created in 1998 and given responsibility for helping to implement the EU Employment Guidelines. However, the work of the Alliance came to a standstill at the beginning of 2003. Its last meeting took place in 2002 and was overshadowed by disagreements between employer and union representatives over pay policy. To date, no tripartite institutions have been created to replace the Alliance and there are no substantial national-level arrangements for implementing the Employment Guidelines.<sup>78</sup> However, in 2003 the Government, the social partners and the Federal Employment Office took part in a summit at which a campaign on training was agreed.<sup>79</sup>

A further organization involving tripartite representation is the Federal Employment Agency, which changed its name from the Federal Employment Office at the beginning of 2004. The State, employers and trade unions each nominate seven members to the federal

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<sup>77</sup> Evidence of erosion is provided by Hassel (1999, 2002). A more optimistic perspective is provided by Kilkauer (2002).

<sup>78</sup> [www.eurofound.europa.eu/print/2003/10/tfeature/de0310205t.html](http://www.eurofound.europa.eu/print/2003/10/tfeature/de0310205t.html).

<sup>79</sup> The campaign is entitled *Ausbilden jetzt. Erfolg braucht alle* and is intended to increase the amount of training and apprenticeship places on offer in the economy.

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board of the Employment Agency. This ratio is mirrored in each of the 180 local labour agencies. However, since the discovery of incorrectly recorded job placement figures, some have called for the abolition of the Agency or for it to be further reformed, with independent experts replacing the social partner representatives.

Germany has, like Ireland and Britain, experimented with independent commissions or taskforces designed to tackle specific policy issues. Like those established elsewhere, the taskforces tend not to have an ongoing role and are disbanded once their initial tasks are completed. Probably the most notable recent example in Germany is the Hartz Commission, which was charged with the responsibility for developing labour market reforms. The Hartz Commission was established in 2002, following the discovery of evidence suggesting that the Federal Employment Office had exaggerated its success in placing unemployed workers in jobs. The key task of the Hartz Commission was to bring forward proposals for how the problem of unemployment could be tackled. The Hartz Commission was named after its Chairman, Peter Hartz, the head of the personnel executive committee of the Volkswagen motor manufacturing company. The commission was composed of two academics and 13 representatives from trade unions, management consultancies and industry.<sup>80</sup> The intention was to have as many social groups represented as possible so that recommendations would not have to be defended at a later date against criticisms directed by these groups (Interviews). The Commission's final report was presented in August 2002. The report proposed, among other things, that the (then) Federal Employment Office's 181 regional offices be turned into de facto temporary employment agencies and that entitlements to unemployment benefit be made more restrictive. The Government has introduced legislation to implement these proposals (see Section 3). However, the Government is also going beyond the recommendations of the Hartz Commission. The measures it is introducing, including cuts in benefits, health insurance and dismissal protection, have been strongly criticized by the trade unions.<sup>81</sup>

#### 6.4 Social dialogue in the UK

In comparison with other European economies the UK has traditionally lacked co-ordinating bodies and fora through which participation by the social partners in policy-making might take place. This has been particularly true of the past two decades. Following the return of the Conservative Party to office in 1979, the practice of including trade union leaders on Government inquiry panels and committees was suspended. Trade union leaders were typically only consulted on issues that were deemed to be of direct concern to them (Crouch 1995). The CBI, which was on occasion critical of the Government, was also viewed with a certain amount of suspicion. The Government was more sympathetic to the right-wing Institute of Directors, which was openly supportive of the supply side measures introduced by the Conservative administrations.

The Conservatives wound up the Manpower Services Commission (MSC) in 1987. This body, on which employers and unions were represented, had been established in 1973 and was responsible for vocational education and training, employment services and Jobcentres. The disbanding of the MSC was followed in 1992 by the disbanding of the National Economic Development Committee, which had been created in 1961 to enable the Government, employers and trade unions to meet to discuss issues relating to the economy.

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<sup>80</sup> The two key employers' associations, the BDA and BDI, did not join the commission ([www.eurofound.ie/print/2002/09/feature/de0209205f.html](http://www.eurofound.ie/print/2002/09/feature/de0209205f.html)).

<sup>81</sup> [www.eurofound.ie/print/2003/03/feature/de0303105fr.html](http://www.eurofound.ie/print/2003/03/feature/de0303105fr.html).

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New Labour has been more welcoming of participation by trade unions in advisory forums and has placed considerable emphasis on “social partnership”. The Prime Minister meets delegations from the TUC and CBI approximately every three months (Kavanagh and Seldon 2000: 271) and employers and trade unions have also been represented on new advisory groups.<sup>82</sup> One such group was established to review competitiveness and develop proposals on best practice, innovation, investment, the information age and workforce development. Its conclusions informed the proposals, contained in the Government’s *Competitiveness* White Paper, published in 1998. More recently, four working groups were established involving the TUC and CBI. Each group was responsible for examining one of four policy issues: investment, skills, innovation, and best practice in the workplace. Each was chaired by a union general secretary and a prominent businessperson. The groups submitted proposals to the Government in autumn 2001.

Despite New Labour’s willingness to provide the social partners with a public role in some areas, their involvement is less formal and developed than in other EU economies. The Government has rejected the European approach to social dialogue and there has been no return to the standing forums of the 1960s and 1970s. An exception is the Low Pay Commission, the body charged with making recommendations on the level and coverage of the National Minimum Wage. The nine-strong Commission is composed of equal numbers of employer and union representatives and academics and is supported by civil servants working within the DTI.

Employers and trade unions also provide members for a number of “taskforces”, which have been established to “address ‘wicked issues’ that have no political home” (Richards and Smith 2001: 151). The taskforces comprise ministers and civil servants, as well as employer and trade union representatives, although according to an Essex University research group, Democratic Audit (cited in Barrett Brown 2001: 9), of the 2500 task force members appointed by 2001, only two per cent came from the trade unions (op. cit.). The task forces created to deal with work and employment related issues have included a “Work and Parents Taskforce”, which was established to “look at how to meet parents’ desire for more flexible working patterns in a way that is compatible with modern business efficiency” ([www.workandparentstaskforce.gov.uk](http://www.workandparentstaskforce.gov.uk)); a National Skills Taskforce responsible for “assisting the Secretary of State [of the DfES] in developing a national skills agenda”; and an “Employment Tribunal System” taskforce, which was established to consider “how services can be made more efficient and cost effective for users” ([www.employmenttribunalssystemtaskforce.gov.uk](http://www.employmenttribunalssystemtaskforce.gov.uk)).

The taskforces exist to accomplish particular tasks, after which they are normally disbanded. While the Government argues that they enable relevant organizations to be consulted on, and influence the development of, policy proposals, concerns have been expressed about the accountability of the taskforces, their relative independence from civil service advice and the lack of weight that their reports may carry (*The Guardian*, 5 January 1998, Richards and Smith 2001: 153). The view has also been expressed that drawing on knowledge and expertise from outside Government may result in a failure to view problems from the Government’s perspective. Similar concerns have been expressed in Germany. It has been argued, for example, that individuals who sit on commissions (such as the Hartz Commission) are sometimes detached from the reality of social policy-making

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<sup>82</sup> The heightened role for trade unions is to a large extent a consequence of their continuing importance as founders of the Labour Party. However, there has been a general tendency to favour business interests over those of organized labour (see, for example, Rawnsley 2001: 155). Business has also taken most of the key advisory positions offered by the Government (Barratt Brown 2001, R. Taylor 2000: 267) and trade unions have an altogether more distant relationship with the Government than existed under previous labour governments.

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and that the use of commissions, and more general use of external consultants, can be demotivating for civil servants.<sup>83</sup>

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<sup>83</sup> Similarly, concerns have been expressed within the MOLSA about Ministers' use of independent advisors. It has been suggested that this can result in a parallel way of managing.

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## 7. Conclusions

It is frequently argued by governments, business leaders, trade unions, academics and other commentators that the future competitiveness of nations will depend on the existence of a highly-skilled, knowledgeable, motivated and committed workforce. Work, it is argued, is becoming more knowledge-intensive and the need for workers to become lifelong learners, as well as increasingly adaptable and flexible, is therefore said to be paramount. It has also been argued that a conflict exists between the maintenance (or creation) of strong systems of labour protection and the ability of firms and nations to compete in the context of increasingly “globalized” markets and production systems. Moreover, in many countries established traditions of welfare provision have been challenged. Pressures on public expenditure, combined with socio-economic phenomena, such as “ageing populations”, have led to a rethinking of the level of benefits and the manner of their provision. In addition, attempts have been made to link entitlements to unemployment benefits more closely to the willingness of unemployed individuals to accept available work or training opportunities.

These developments have placed issues of work and employment at the centre of broader debates relating to economic performance and have raised new challenges for governments and, by extension, ministries involved in the development of policies and programmes in the areas of labour, employment and social protection. In some countries, there has been a diminution in the influence of labour ministries as governments have sought to push through reforms in respect of the labour market and welfare provision. In Germany and the UK Governments have either disbanded the established Labour Ministry (the UK) or diminished its influence by combining it with another ministry (Germany). This has not, however, been a universal trend. It is possible that in some countries where neo-liberal analyses inform government policies labour ministries have avoided challenges because they have not pushed, or have been unsuccessful in pushing, collective “labour interests”. The US may be an example.<sup>84</sup>

The rise of neo-liberalism has also created challenges for social dialogue. Ishikawa (2003: 12) notes that in some countries with strong traditions of social dialogue, such as Denmark and Sweden, Governments have acted to reduce the involvement of social partners in economic policy-making. She suggests that sustaining social dialogue in such countries has become more problematic as governments and employers have been attracted to neo-liberal economic policy prescriptions while trade unions have continued to favour policy solutions of a more Keynesian orientation (Ishikawa 2003: 12). However, in other countries social dialogue may have served to limit the influence of neo-liberal analyses. McCashin *et al.* (2002: 266) suggest that the relative absence of market-based reform of welfare services and the lack of a neo-liberal rhetoric espousing the dismantling of the welfare State in Ireland may, in part, be a result of the partnership agreements reached in this country over the past two decades. In yet other countries, neo-liberal agendas have been pursued at the same time as union involvement in policy-making appears to have increased. Hamann and Kelly (2003) argue that this has been the case in Spain, where

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<sup>84</sup> Even so, Glover (2002: 17) notes that “it is in the arena of worker protection measures that a decline in the capacity of the Labor Department and other related agencies may be most noticeable”. The staffing levels in the agencies responsible for labour standards, including health and safety, fell in the 1990s.

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national level agreements involving trade unions became more frequent following the 1996 election victory of the conservative Popular Party, led by José Maria Aznar.<sup>85</sup>

The evidence suggests that where problems can be overcome, social dialogue, and other forms of consultation, may be a considerable aid to the policy development process. Representative consultative and negotiating structures can ensure that the interests of different organizations are represented and this may result in more informed policy-making. It may also ease the process of policy reform to the extent that it may be possible to achieve an agreement involving key interest groups (particularly the social partners). In some countries, a joint commitment by governments, employers' groups and trade unions to reaching such an agreement is a cornerstone of their approach to social dialogue. As Ishikawa (2003) emphasizes, however, where partnership agreements are reached, it is essential that governments develop a capacity to implement and monitor them. The lack of such a capacity may result in social dialogue being regarded as simply a "talkshop" and of limited practical value (ibid.).

Even in countries where social dialogue at national level is not well established, the benefits of developing joint approaches to contentious issues have been demonstrated, as in the case of the UK's Low Pay Commission. The Low Pay Commission is an example of a tripartite body that is devoted to a single issue (the National Minimum Wage). A number of other countries have experimented with one-off commissions and task forces devoted to single issues or a relatively narrow range of issues. For governments, such taskforces are examples of democratic policy-making, in which relevant interest groups are represented. The intention is also to enhance the legitimacy of subsequent proposals, and ease the process of implementation, by trying to ensure that key organizations "sign up" to initiatives at an early stage. However, some have argued that taskforces are insufficiently accountable. It has also been argued that because taskforce members are not involved in the every-day policy work of departments, the recommendations developed by taskforces may not always reflect the reality of the policy-making process.

Governments are also placing considerable emphasis on evidence-based policy-making. Not all ministries, or divisions within ministries, have "in house" research facilities or involve researchers at an early stage in the policy development process. However, it can be argued that integration of specialists into policy areas helps policy-makers to think like specialists and make effective use of analysis when developing policy. Ministries in both Czech Republic and the UK have identified the close involvement of researchers in policy formulation as beneficial to effective "evidence based" policy-making and evaluation activities. Not all policy-makers are "sophisticated consumers" of research, however, and it is therefore essential that civil servants receive ongoing training in areas such as statistics and research methods.

The lack of an "in house" research facility is not always regarded as a problem. The DETE in Ireland, for example, has found that it has been able to meet its research needs via contracting with external organizations. Moreover, where ministries do have internal research facilities, contracting with external organizations for substantial research projects remains common. One advantage of external contractors from the point of view of governments is that they are independent. Research findings that support government

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<sup>85</sup> Hamann and Kelly argue that the renewal of social dialogue was prompted by the minority position of the government and its desire to appeal to centrist and centre-left voters.

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objectives may therefore help bolster the legitimacy of potentially contentious policies and programmes.<sup>86</sup>

Evidence-based policy-making is associated with an increased emphasis on learning from overseas, piloting of initiatives and evaluation of their outcomes. All of these activities may result in more effective policy-making. However, each may be undermined in a number of ways. In examining the experience of other countries there may again be a temptation to focus on findings that support a preferred policy option, political ideology or economic analysis while ignoring those that do not. Governments may also be unaware of the methodological limitations or potentially mixed findings associated with studies carried out overseas. Piloting may be an effective way of ensuring that problems that may arise following the implementation of a programme on a local level are addressed before it is introduced nationwide. However, it is important that pilots be used to find out about the consequences of initiatives and not simply the practicalities of implementing them. As Sanderson (2003) has argued, piloting is likely to be most effective where theoretically-informed evaluation activities that seek to understand underlying causal processes take place. Moreover, in many countries a conflict sometimes arises between “evidence based policy-making” and political imperatives. This can mean that programmes are implemented on a national scale before evaluations of pilot schemes have been completed. Alternatively, it can mean that a national programme is replaced before it has been properly evaluated. Perhaps inevitably, “best practice methods” of policy-making and evaluation do not always sit comfortably with the political pressures upon governments to take action.

Evaluation is one manifestation of a preoccupation with measuring the performance of ministries, which is itself but one element of the shift from traditional forms of public administration towards an emphasis on performance management. The ability of a ministry to demonstrate that it has achieved its goals may be an important determinant of its standing and its ability to exert influence. However, performance measurement may also be associated with a centralization of control, to the extent that it is associated with attempts to increase the accountability of ministries and, in some cases, influences financial allocations.<sup>87</sup> It is also possible that not all publicized performance indicators will be regarded as appropriate by other agencies. Social dialogue and other forms of involvement and consultation may be useful in this respect, to the extent that they may allow for some indicators to be jointly-agreed. This has happened in Ireland, where performance indicators have been discussed with the social partners rather than imposed by the Government.

The ability to coordinate policy and programme development within and across ministries is a crucial determinant of the effectiveness of policy-making. The problems that governments may face in this regard depend on how responsibilities are distributed across ministries, the internal organization of ministries and established methods of decision making. In some countries new coordinating bodies have been created to “join up” the policy work of different ministries. Procedures and systems that enable *intra*-departmental information sharing and cooperation are also necessary and information technology has

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<sup>86</sup> However, it should be noted that research findings are often subsequently summarized by governments in official reports and there may be a temptation to focus on findings that support an established position while ignoring or down-playing those that do not. The same point applies to “in-house” research.

<sup>87</sup> In the UK, for example, Comprehensive Spending Reviews have introduced greater clarity into the definition of policy objectives and resulted in a more orderly focusing of analytical work, but there is also a concern that they have facilitated efforts by the Treasury to exert greater influence over departments.

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become increasingly important in this regard. Attention should also be paid to the quantity and quality of training received by civil servants, how their activities are managed and the manner in which they are rewarded. The shift towards performance management has been associated with attempts to link the pay of civil servants to their success in achieving targets. However, such attempts may prove divisive and undermine other initiatives designed to improve intra-departmental cooperation.

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## List of Abbreviations

ALMP:	Active Labour Market Programmes
ASD:	Analytical Service Division
ASO:	Association of Independent Unions (Czech Republic)
BMWA:	Federal Ministry of Economics and Labour (Germany)
CBI:	Confederation of British Industry
CEEA:	Confederation of Employers and Entrepreneurs' Associations (Czech Republic)
CIF:	Construction Industry Federation
CMKOS:	Czech-Moravian Confederation of Trade Unions
CMOD:	Centre for Management and Organization Development
DETE:	Department of Enterprise, Trade and Employment (Ireland)
DfEE:	Department for Education and Employment (UK until 2001)
DfES:	Department for Education and Skills (UK from 2001)
DPC:	Domestic Policy Council
DOLE:	Department of Labour and Employment
DTI:	Department of Trade and Industry (UK)
DWP:	Department of Work and Pensions (UK from 2001)
EC:	European Commission
EGFSN:	Expert Group on Skills Needs
EMAR:	Employment Market Analysis and Research
ERD:	Employment Relations Directorate
ESRI:	Economic and Social Research Institute (Ireland)
EU:	European Union
FMS:	Financial Management System
GPRA:	Government Performance and Results Act
IBEC:	Irish Business and Employers' Confederation
ICTU:	Irish Congress of Trade Unions
LPC:	Low Pay Commission (UK)

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MOLSA:	Ministry of Labour and Social Affairs (Czech Republic)
MSC:	Manpower Services Commission
NEC:	National Economic Council
NESC:	National Economic and Social Council (Ireland)
NESF:	National Economic and Social Forum (Ireland)
NMWC:	National Minimum Wage Commission (Ireland)
NPM:	New Public Management
PIU:	Performance and Innovation Unit (UK)
PRWORA:	Personal Responsibility and Work Opportunity Reconciliation Act
PSA:	Public Service Agreements
PSMA:	Public Service Management Act
RIA:	Regulatory Impact Assessments
RILSA:	Research Institute for Labour and Social Affairs (Czech Republic)
RHSD:	Council for Economic and Social Agreement (Czech Republic)
ROAME/F:	Rationale, Objectives, Appraisal, Monitoring and Feedback/ Evaluation
SMI:	Strategic Management Initiative (Ireland)
SPD:	Social Democratic Party
TNCs:	Trans-National Corporations
TUC:	Trades Union Congress (UK).

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