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## **Abstract for a paper to be presented at the 8<sup>th</sup> Annual ESPAnet Conference 2010, Budapest**

### **Stream 15: Public Futures**

#### **Governance, Employment, and the Quality of Public Services: Specifying the Linkages**

At a time of economic crisis, the public sector of most countries is subject to heightened demands on services and increased cost pressures. These difficulties are compounded by the distance between makers of policy and the work of implementing policy in the street-level bureaucracy. Using a comparison of the British and German Public Employment Services (PES), this paper examines the complex relationship between governance, employment, and service quality.

The governance of the PES of both countries has evolved over time through the joining-up, standardizing, and contracting-out of services. Both have combined benefit payment agencies with job-placement agencies, although in Germany it is only for previous recipients of social assistance that this comes as a new achievement. Both have rolled out national IT-based systems to standardize work and monitor performance. While neither country has privatized many existing services, both have since the 1980s rolled out new labour-market programmes and instruments with substantial participation from non-profit and for-profit contractors.

However, there has been an important difference in these shifts in governance. In Germany services for workless people not covered by unemployment insurance have been partly 'municipalized': within the framework of the so-called Hartz IV law, discretion for local managers in the PES to choose policy instruments and delivery arrangements has increased through statutory partnerships with local government. In Britain, meanwhile, change - both in-house and at contractors - has been the product of national programmes, such as New Deals and Pathways to Work. While some programmes in Britain funded by other bodies involve strong local control, programme design and procurement in the PES has taken place at the national level and been deliberately sealed off from local politics.

We explain these differences by reference to the constitutional protections of local government - which are strong in Germany and barely existent in the UK - that affect the pace and location of change. This difference does not seem to be due to the collective action or institutionalized role of providers, workers, or social movements of the unemployed, since their demands tend to be contradictory and their power in

this field weak. Nor is it due to different policy preferences of national governments, since both national governments have been ambivalent on the issue of local control.

How do constitutional barriers to centralization of state power affect the concrete work of delivery? We compare the 'municipalized' services in Germany with their centralized counterparts in Germany (i.e. for jobless people eligible for unemployment insurance) and the UK (i.e. the vast majority of PES-funded services). This difference affects the way contracting takes place, since local government seems to favour closer collaboration with contractors than do national government. In Germany, the traditionally privileged position of charities and civil society providers of social services in the local welfare arena contributes to this preference.

Slowing the trend toward priced-based marketization of services slows changes in front-line work in the contracting chain, including pay structures, skill requirements, and the content of jobs. These workplace dynamics affect the ability of staff to deliver 'personalized' services, the extent to which they have to focus their interactions with client on the job outcome, and (in the voluntary sector) their ability to combine their service work with an advocacy role.