



**STATSKONTORET**

*The Swedish Agency for Public Management*

# Evaluating Partnership Arrangements in Employment Policies

*The Case of the European Employment Strategy*



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## **Abstract**

Partnership arrangements and collaboration can be seen as one developing trend in today's employment policies. Their impact on employment, however, is quite unknown. This Paper discusses the lack of evaluation of the impact of partnership arrangements on employment.

As a case study, we have used the Swedish Agency for Public Management's evaluation of the European Employment Strategy. In this evaluation, we made an inventory of Swedish studies of labour market programmes carried out during the last five years. We found 70 studies. In 28 of these studies, partnership arrangements were discussed. None of these studies, however, could present evidence of the impact of partnership arrangements on employment. Even though no evidence could be presented, a clear majority of the evaluators had a basically positive view of partnership arrangements. In some evaluations, it was clearly stated that partnership arrangements in employment policies are a condition to meet targets.

This Paper makes an inventory of the other member states' evaluations of the Strategy. It is not a complete exposition of all the other member states, but we dare say that we have a relatively clear picture. We haven't seen any evidence or any references to evaluations that can say anything regarding the impact of partnership arrangements on employment in any of the evaluations.

This Paper further discusses methodological problems. When evaluating partnership arrangements, one comes across classic evaluation problems like selection bias. Another problem might be how to isolate the effect of the partnership arrangement. Our paper concludes with an example of what can be done.

# 1. Introduction\*

Partnership and other kinds of co-operation arrangements are key themes when it comes to European policy. The idea is that if government institutions co-operate, either with each other or with the private sector, it will create a gain in terms of higher efficiency. For a sector that seems to have a constant lack of resources, an easy way to higher efficiency is, of course, most welcome.

Even though partnerships are seen as a patent solution, there is a serious lack of evidence when it comes to their effects. The idea of partnership is that different organisations co-operate in favour of the individual. This should minimize the risk of the individual falling between the cracks. In theory, there are an obvious number of gains, both for the individual and for the community as a whole. When it comes to practise, we do not know how large the gains are, or even if the gains exist at all.

What kind of gains are we then talking about? What do we want to measure? What we really want to know is how well the objectives are being fulfilled. In terms of effects, it means that we would like to know the effects of a partnership arrangement on the outcome of the programme objectives. When it comes to labour market programmes, this means that we want to know if the partnership arrangement really lowers unemployment, i.e. the impact on employment from a partnership arrangement. The question is then: Is the chance of getting a job greater in an employment programme with a partnership arrangement, than in an employment programme with no partnership arrangement?

The perspective that focuses on the individual can be called the micro-perspective or the micro-effect. But there can also be a macro-effect. With a macro-perspective the question is: What is the impact on employment in society as a whole, i.e. the aggregated employment effect. The micro- and macro-perspectives might differ, due crowding-out effects.

This paper aims to emphasize the need for evidence of the effects of partnership arrangements in labour market programmes and employment policy. The first time we observed the obvious lack of evidence was when we evaluated the European Employment Strategy. In the next chapter, we will describe the Strategy and our observations. We will also discuss the evaluations of the other member states.

There are some methodological problems involved in measuring the effects of partnership. The problem is, as always when it comes to evaluation, to find a reference group with the same characteristics as the observation group. In chapter 3 the question of methodology will be discussed.

This paper will focus on labour market programmes and employment policy.

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## 1.1 Definitions of partnership

Let us point out from the outset that we do face some problems with the confusion of ideas in this field. The words co-operation and collaboration are often given the same meaning, even though we know that they are not the same.

When it comes to collaboration, each and every organization has its own area of responsibility, but can co-operate closely with, for instance, specific clients or patients. Mutual interests and shared objectives are what separate collaboration from other kinds of co-operation. This kind of co-operation is more demanding for the participants than co-ordination. It is of great importance for a successful collaboration that the participants have knowledge of each other's areas and that they share the same over-all objectives.<sup>1</sup>

This paper focuses on collaboration. Instead of the term collaboration we have chosen to use the word partnership. This is also the word that is used in the European Employment Strategy.

## 2. The case of the European Employment Strategy

### 2.1 The Strategy

Employment and unemployment is a question that has long been discussed in the European Union. In order to coordinate employment policy among member states, a specific annex for employment policy was created in the Amsterdam Treaty in 1997.

*Table 1. The Pillars and the Guidelines of the Strategy*

<p>I. IMPROVING EMPLOYABILITY</p> <ul style="list-style-type: none"><li>• Tackling youth unemployment and preventing long-term unemployment</li><li>• A more employment-friendly approach: benefits, taxes and training systems</li><li>• Developing a policy for active ageing</li><li>• Developing skills for the new labour market in the context of lifelong learning</li><li>• Active policies to develop job matching and to prevent and combat emerging bottlenecks in the new European labour markets</li><li>• Combating discrimination and promoting social inclusion by access to employment</li></ul> <p>II. DEVELOPING ENTREPRENEURSHIP AND JOB CREATION</p> <ul style="list-style-type: none"><li>• Making it easier to start up and run businesses</li><li>• New opportunities for employment in the knowledge-based society and in services</li><li>• Regional and local action for employment</li><li>• Tax reforms for employment and training</li></ul> <p>III. ENCOURAGING ADAPTABILITY OF BUSINESSES AND THEIR EMPLOYEES</p> <ul style="list-style-type: none"><li>• Modernising work organisation</li><li>• Supporting adaptability in enterprises as a component of lifelong learning</li></ul> <p>IV. STRENGTHENING EQUAL OPPORTUNITY POLICIES FOR WOMEN AND MEN</p> <ul style="list-style-type: none"><li>• Gender mainstreaming approach</li><li>• Tackling gender gaps</li><li>• Reconciling work and family life</li></ul>
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<sup>1</sup> Berggren (1982), Tranquist (2001)

The Strategy has been revised every year since. Today, the Strategy is a document that consists of six horizontal objectives and four pillars. Under each pillar there are a number of guidelines. The pillars and guidelines are presented in table 1.

As table 1 shows, pillar I focuses on employability. This pillar particularly recognises the role of an active, rather than a passive, labour market policy. It also recognises the importance of early intervention, especially among young people. The Employment Guidelines since 1998 have tended to follow the following four aims:

- Tackling youth unemployment and preventing long-term unemployment;
- Transitioning from passive measures to active measures;
- Encouraging a partnership approach;
- Easing the transition from school to work

The second pillar concerns entrepreneurship and covers the creation and support of new enterprises and the development of existing enterprises. These broad aims have not changed significantly from those set out under Pillar II in the first Employment Guidelines in 1998.

The Employment Guidelines falling under pillar III are concerned with adapting the workplace to the needs of a more competitive and knowledge intensive economy. They call upon governments and social partners to review existing arrangements to increase flexibility. This should be done through the help of a social partnership approach.

Pillar IV focuses on increasing the participation of women in the labour market and combating existing gender gaps. Since the first Employment Guidelines in 1998, the annual Guidelines relating to pillar IV have changed very little.<sup>2</sup>

One part of the European Employment Strategy is the National Action Plans (NAP). Every Member State shall present a yearly NAP in accordance with the Employment Strategy. The NAPs are then analysed by the European Commission and the Council and the results are presented in a Joint Employment Report. The findings in the report are the basis for reshaping the Guidelines and forming country-specific recommendations for member states' employment policies.

### **2.1.1 Collaboration and partnership in the Strategy**

An increase in collaboration and partnership arrangements is pointed out in the Strategy as a solution for higher employment. The Council's decision of 18 February 2002 stated:

“(20) Partnership at all levels should be encouraged, including with the social partners, regional and local authorities and representatives of

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<sup>2</sup> Ibid

civil society so that they can contribute, in their respective fields of responsibility, to promoting a high level of employment.”<sup>3</sup>

In the Strategy’s horizontal objectives, a heavy portion of the responsibility is placed upon the social partners themselves. The social partners should not only attend, but also contribute with constructive initiatives. The first sentence in horizontal objective D states that:

“Member States shall develop a comprehensive partnership with the social partners for the implementation, monitoring and follow-up of the Employment Strategy.”<sup>4</sup>

### **2.1.2 Evaluation of the Strategy**

The background of the evaluation is that the EU's member states agreed to evaluate the strategy five years after the guidelines were first introduced in 1998.

The Commission therefore coordinated an evaluation, based on national policy evaluation studies following a thematic breakdown, as well as an EU-wide labour market performance assessment by the Commission. The national studies have been co-financed by the Commission and were, in general, carried out by independent experts under the supervision of the national employment ministries.

One of the themes in the problem statements for the member states’ policy evaluation was linked to partnership arrangements. The following question was asked: “Can the development of local partnerships and their impact on employment be evaluated?”<sup>5</sup>

## **2.2 Our findings<sup>6</sup>**

The Swedish Government commissioned the Swedish Agency for Public Management in 2001 to analyse to what extent the European Employment Strategy has influenced the national employment policy. The Swedish evaluation was submitted to the European Commission at the beginning of 2002.

The Swedish Agency for Public Management’s assignment constitutes one of six sub-projects in a national evaluation of the European Employment Strategy. This assignment is of a comprehensive character and aims to evaluate the horizontal issue regarding policymaking and partnership in the employment field.

To examine how partnership arrangements work, a number of employment policy programmes were analysed. The programmes constitute major national initiatives aimed at stimulating employment and targeting

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<sup>3</sup> EU (2002)

<sup>4</sup> Ibid

<sup>5</sup> Annex 2 to the guidelines for applicants, European Commission, Employment and social affairs, 2001.

<sup>6</sup> For the full report, see Statskontoret (2002).

individuals who have, or risk having, a weak position in the labour market. The selected initiatives are largely labour market programmes run under the direction of the Swedish National Labour Market Administration (AMV). In addition, programmes described as employment stimulating in budget bills and Sweden's National Action Plans are also included. The programmes address the policy areas of education, industry, as well as regional policy.

The Swedish Agency for Public Management reviewed a large number of labour market programme studies. Of the almost 70 studies reviewed, we found 28 that examined partnership. We primarily reviewed studies performed on assignments commissioned by the Government, or initiated by some other central body on the national level since 1995. The selection should provide a relatively accurate picture of how and to what extent partnership arrangements were evaluated.

The studies dealing with this aspect are unevenly distributed. Several have addressed the issue of partnership for some programmes, while this aspect is completely ignored for other programmes. Only one third of the programmes have been studied in relation to partnership.

The majority of the studies are process evaluations. Partnership is often examined through questionnaires or interviews with various participants in which they were asked about their experiences with collaboration. In a few cases, an attempt was made to study the impact of partnership on employment. These evaluations are not actually impact evaluations in a scientific sense, but instead are based on the logical reasoning that collaboration may have been significant to the outcome. Since the aspect of collaboration has only been evaluated on the basis of subjective perceptions, it is not possible to say if it has positively or negatively affected the results in relation to the initiative's prime goal.

The Swedish Agency for Public Management has summarised how the participants perceived collaboration within the various programmes. The results are presented in table 2.

The general impression is that the participants perceived partnership as predominantly positive. The most positive attitudes appear in evaluations that describe partnership between participants in the government sector (for example between local and central government agencies). In several cases, examiners especially emphasised the importance of good collaboration as a prerequisite for achieving the goals. The most important social partners are the County Labour Boards (*länsarbetsnämnderna*), Public Employment Offices (*arbetsförmedlingar*) and municipalities. Over one-third of the evaluations examined partnership exclusively between these partners. However, it should be pointed out that the government sector agencies participated in all of the reviewed studies as collaborating partners.

Table 2. *Studies of partnership in employment policy programmes*

Labour market programmes	Studies	Assessment of collaboration
Recruitment program	Lundin (2000)	+
Working life development	Hallström (1995)	+/-
	AMV (1996)	+
	Statskontoret (1997)	0
Labour market training	AMV (1995)	-
	RRV (1999)	+
	Näringsdepartementet (2000)	+/-
Computer/Activity Centres (Computer/activity centres - Datortek)	AMV and Svenska kommunförbundet (1998)	+
	Statskontoret (2001a)	+
Municipal youth programme (KUP)	Ungdomsstyrelsen (1996)	+/-
	Ungdomsstyrelsen (1997a)	0
Adult Education Initiative	Wass (2000)	+/-
	Statskontoret (1998)	+
Qualified vocational training Objective 3 95-99	SOU 1999:119	+
	Svensson m.fl. (1997)	+/-
	Malmgren (1999)	0
	AMV (1997)	+
	Andersson (1998)	0
Growth potential Objective 4	Johansson (1997)	+
	Berger (1999)	+
Swedish National IT Training Programme/SwIT	Martinsson (1999)	+/-
	Martinsson (2000)	0
	Johansson & Martinsson (2000)	+
Development youth guarantee (UVG)	Statskontoret (1999)	+
	Ungdomsstyrelsen (1997b)	+
	Svenska kommunförbundet (1999)	+
	Ungdomsstyrelsen (2001)	+/-
UVG/KUP	Statskontoret (2001b)	+
<b>Total</b>	<b>28</b>	

## 2.3 Findings in other countries' evaluations

Although there was a common core of issues to be explored by the member states, their evaluations differ widely both in quantity and quality<sup>7</sup>. The Austrian evaluation is 8 pages and is, of course, a summary of what has happened in Austria during these years. The Austrian evaluation can be compared with the Greek, which consists of two reports, each over 100 pages.<sup>8</sup>

### 2.4.1 Denmark

Since 1994, Denmark has made efforts to strengthen responsibility in the private and public sectors. This has been carried out through an awareness initiative and the establishment of social partnerships at many levels in the society.

One example is the local partnerships for social cohesion act – called local coordination committees – that came into force on 1<sup>st</sup> of January 1999. The act entails that a municipality or a number of municipalities together can establish local committees for preventative labour market measures. Social partners on the local level, representatives from the municipalities and local non-governmental organizations (NGOs) will take part in the work committees. In 2000, there were 147 local committees of which 55 covered more than one local authority.<sup>9</sup>

According to the Danish evaluation, the committees have contributed to employment goals by creating a vision of an inclusive labour market visible among local enterprises. The committees have contributed to better cooperation among local participants, and dialog between the municipalities and the committees have been improved, according to the report. The effect of partnerships has not been evaluated from what can be called “a more scientific viewpoint”<sup>10</sup>, which is pointed out in the report through this statement.

“The impact of improved involvement of social partners and other non-state actors in the Danish active labour and social politics on the objectives drawn up in the NAP guidelines is impossible to measure precisely.”<sup>11</sup>

### 2.4.2 Finland

In Finland, efforts have been made in national action policy to create new jobs at the local level with the help of local partnerships. According to the Finnish report, the main effect of the partnership experiment, in terms of

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<sup>7</sup> Just like Sweden, each Member State conducted evaluations of the European Employment Strategy.

<sup>8</sup> The evaluations can be found at

[http://europa.eu.int/comm/employment\\_social/news/2002/may/eval\\_en.html](http://europa.eu.int/comm/employment_social/news/2002/may/eval_en.html)

<sup>9</sup> The Danish National Institute of Social Research (2002)

<sup>10</sup> Ibid. What we mean by effects is discussed in the Introduction. In short one can say that we would like to know how significant the contribution from the partnership arrangement is on employment.

<sup>11</sup> Ibid

general impact on employment, has been to motivate local participants to work together and to start experimental projects in the field.<sup>12</sup>

In the report, the very relevant question – can the development of local partnerships and its impact on employment be evaluated – is stressed.<sup>13</sup> The answer that is given in the report is this:

“Gross short run impact during the project can be evaluated. In fact, the monitoring system should generate this information. Long run impact after projects end is more of a problem. The scale of any impact on employment was asked about in partnership project evaluation. However, we cannot be sure how well leaks have been assessed, so we are unable to say how far responses represent gross impact, and how far net impact. For this reason, no figures are given here. Similarly, we lack sufficient information about leaks in the case of short run impact, too.”<sup>14</sup>

So, the conclusion from this must be that it is possible to evaluate the partnership’s impact on employment, but it hasn’t yet been done.

### **2.4.3 Greece**

In Greece, during the period of 1997-1999, special measures were applied under the framework of the Territorial Employment Pacts (TEPs). The basic objective of a Territorial Employment Pact is to encourage widespread regional and local partnership. The initiative is meant to start at the local level with enhanced involvement of the local social partners and should then be co-ordinated within a broader action plan. However, the absence of the economy’s private sector is significant, due to a lack of motivation for the private sector. Also costs and bureaucracy have functioned as barriers to private sector participation.

According to the Greek evaluation of the Territorial Pacts’, the measures led to the creation of 10,879 new jobs. Of this amount a subsidized self-employment programme created 9,193 jobs.<sup>15</sup> The methodology used to calculate the numbers isn’t presented. So, the question remains: What would have happened if there weren’t any programmes?

### **2.4.4 Netherlands**

The Netherlands has also organised a TEP. According to the Dutch evaluation, “a regional structure has been set up to enable labour market problems to be tackled in an effective, concerted way”.<sup>16</sup> There have been 89 TEPs supported by the European Commission in the Netherlands. Regional and local authorities, trade unions, employers, Regional

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<sup>12</sup> Finish Ministry of Labour (2002)

<sup>13</sup> This was also stressed in the Commissions problem statement for the member states’ evaluation.

<sup>14</sup> Ibid

<sup>15</sup> Fissamber (2002)

<sup>16</sup> Zijl et al (2002)

Employment Boards, Chambers of Commerce and educational establishments have jointly participated in TEPs.<sup>17</sup>

We haven't found any evaluation of the impact on employment from the TEPs or from any other partnership arrangement in the Dutch evaluation.

### **2.4.5 Italy**

The Italian evaluation also does not present any evaluation of the impact of partnership arrangements on employment. It does, however, point out the risks and the difficulties involved with more stakeholders in employment policy.

“The participation of private actors in the job counselling and placement activities and the intensification of co-ordination and partnerships in respect of all labour policies has further broadened and extended the network of stakeholders that needs co-ordinating. A new model of labour-market governance is increasingly emerging, based on a complex and widespread network of national and local, public and private stakeholders. This network of inter-institutional relations, however, still seems to lack shared and interiorised rules and regulations and clear benchmarks, because the stakeholders involved all enjoy an increasing degree of independence and legitimacy.”<sup>18</sup>

### **2.4.6 Spain**

In Spain, the processes of social dialogue between the central government and social participants have been going on for a long time. The social cohesion policy has established strong links with employment because of structural funds.<sup>19</sup>

When it comes to the impact of local partnerships on employment the evaluation says this:

“The evaluation of the development of local partnerships and their impact on employment presents serious difficulties, mainly due to a lack of information. Nevertheless, there are signs that can provide an idea of the magnitude of their potential presence. One is the increase in resources mobilised at the local level. In the NAPs, these resources have grown by 364% on the average over their period of application.”

This statement describes clearly the problem we are trying to highlight in this paper. If we want to know if the partnership arrangements work, we have to evaluate how many jobs they create, not measure the amount of money spent.

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<sup>17</sup> Ibid

<sup>18</sup> ISFOL (2002)

<sup>19</sup> Department of Economic Analysis (2002)

### **2.4.7 United Kingdom**

In 1998, the British Government introduced the Partnership at Work Fund. The fund aims to support projects that "... make organisations aware of the benefits of a partnership approach in the workplace ..."<sup>20</sup>. The Fund is currently in the process of selecting projects in its fourth round of funding. 110 projects have been funded so far, with up to £5 million over a four year period. Funding is open to companies, business intermediaries including employer federations, trade unions, learning and skills councils, public sector bodies and charities.

The Trade Union Congress (TUC) has also set up a Partnership Institute to help organisations improve industrial relations and develop partnerships between unions and employers. The TUC Partnership Institute works jointly with unions and employers.<sup>21</sup>

A new evaluation should be presented in June 2002.

### **2.4.8 Other Member countries: A Summary**

In this chapter we have gone through other member states' evaluations. The results are summarized in table 3. However, this is not a complete exposition of all of the evaluations, due to the fact that some of the evaluations were very brief summaries and two of the evaluations were not translated into English. Even though we haven't gone through all the evaluations, we dare to say that we have a clear picture.

We haven't found any evaluations concerning the impact on employment of partnership arrangements in the evaluations. This is even more alarming with the knowledge that there are a number of partnership arrangements of some kind in every country in our exposition.

Some countries have pointed out problems with methodology as the main problem when it comes to the evaluation of partnership arrangements. Of course, methodology might be difficult. This will be further discussed in the next chapter.

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<sup>20</sup> ECOTEC (2002)

<sup>21</sup> Ibid

Table 3. Summary of member states' evaluations of partnership in the European Employment Strategy.

Member State Evaluation	Form of co-operation	Results
Denmark	Local Coordination Committees	Committees have contributed to better co-operation with the municipalities and between local actors.  <b>"The impact of social partners is impossible to measure."</b>
Finland	Local partnerships	The main effect has been to motivate local participants to work together and to start projects.  <b>"Unable to say how far responses represent gross impact and how far net impact."</b>
Greece	Territorial Employment Pacts (TEPs)	The TEPs led to the creation of 10,879 new jobs.  <b>The methodology in the study is not presented.</b>
Netherlands	Territorial Employment Pacts (TEPs)	Enable labour market programs to be tackled in an effective, concentrated way.  <b>No evaluation of the TEPs or any other partnership arrangement is presented.</b>
Italy	Private participants in job counselling, intensification of co-ordination and partnerships.	A complex network of different stakeholders is emerging, with a lack of shared rules.  <b>No evaluation of partnerships is presented.</b>
Spain	Local partnerships	In the NAPs, the resources for local partnerships have grown by 364 percent over their period of application.  <b>"Evaluation of local partnership presents serious difficulties, mainly due to a lack of information."</b>
United Kingdom	Partnership at Work Fund  Partnership Institute set up by the Trade Union Congress (TUC)	The Fund aims to support projects that makes organisations aware of the benefits of a partnership approach.  <b>Evaluation should be presented in June 2002.</b>

### 3. Methodology

The methodological difficulties in evaluating partnerships are reminiscent of the difficulties in evaluating any kind of labour market programme. In this chapter we will discuss general problems and difficulties when it comes to evaluating labour market programmes. Later on we will discuss a Swedish evaluation that actually has evaluated and estimated the effects of partnership arrangements.<sup>22</sup>

<sup>22</sup> The fact that this example is Swedish does not mean that there aren't good examples from other countries. However, this is the example we have found.

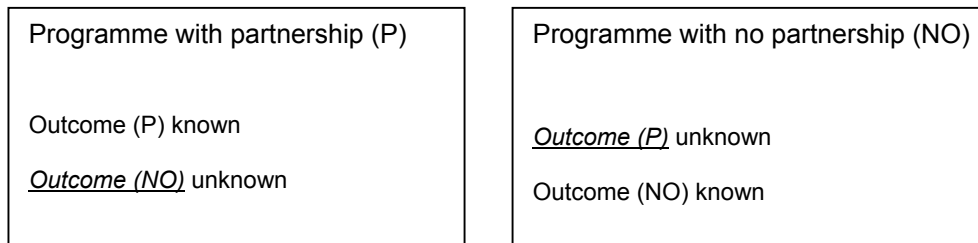
### 3.1 General problems<sup>23</sup>

The kind of evaluation discussed in this paper is what we would like to call impact evaluation. By this we mean that we want to know the impact of a specific programme, or a specific action. Evaluations of labour market programmes in general might focus on a micro perspective, namely whether the participants' probability to find employment has increased due to the labour market programme. In this perspective the evaluation issue is: What is the effect of participating in a programme with a partnership arrangement, compared with participating in a programme without a partnership arrangement.

#### *Experimental vs. non-experimental approach*

The central problem is that the same individual cannot both participate and not participate, which means that you don't know the outcome if the participant would have participated (in this case) in a programme without a partnership arrangement. This non-observable state is called a counterfactual state. Figure 1 illustrates this problem.<sup>24</sup> The participants in (P) are persons that take part in a labour market programme with a partnership arrangement. The participants in (NO) take part in a programme with no partnership arrangements. We can observe the outcome for group (P) after taking part in the programme, but we cannot observe what would have happened if the group would have taken part in a programme without partnership.

Figure 1



Therefore, the participants (outcome (P)) have to be compared with persons that have participated in a programme with no partnership (outcome (NO)). The problem is, though, that the two groups of participants can differ in ways the evaluator can observe and measure (for example education and former job experience) and in ways the evaluator cannot observe (like skills and ambition). This is called selection bias.

There are two ways of dealing with selection bias. One is to choose an experimental approach; the other is to use a non-experimental approach and to use statistical methods to deal with the selection bias.

In the experimental approach it would be possible to randomly divide the participants into two different programmes. One programme has a

<sup>23</sup> These kinds of problems are discussed in a number of places in the evaluation literature; see for example Schmidt et al (1996).

<sup>24</sup> This figure derives from Carling & Larsson (2000)

partnership arrangement; the other is identical but has no partnership arrangement.

Even if an experimental approach is chosen, there are a number of obstacles that have to be dealt with. One is that the participants have to be unaware of the fact that they are participants in an experiment. Otherwise they might act in a way they would not otherwise. Also, the administrators have to be unaware of the experiment. Otherwise there might be a risk that they might recruit more qualified teachers and buy better equipment for one of the programmes, which of course would influence the result.

Another obstacle is that it might be considered unethical to experiment on people, especially when the participants do not know about it and do not have the opportunity to choose for themselves whether to participate or not.<sup>25</sup>

If a non-experimental approach is chosen, statistical methods are used to control for differences between the groups and because of this come to ease with the problem of selection bias. There are also a number of problems when it comes to the non-experimental method, but they are of another type compared to the experimental approach. One problem with the non-experimental approach is that the result depends upon the specification of the model. Another is that the result depends upon which statistical method used. If a non-experimental approach is used, individual background data have to be used for every participant for a number of years before and after their participation in the programmes.

#### *Differences between programmes*

If it is the effect of the partnership arrangement and nothing else that is to be looked at, one has to compare two identical programmes. The only difference between the two programmes should be that one has a partnership arrangement and the other one does not. The programmes have to be identical both when it comes to legal design and practical performance. If not, what is measured and the result that is given show differences in the performance between the two different programmes and not purely the effect of the partnership arrangement.

### **3.2 The case of the Swedish local employment service committees**

Although there is a general lack of studies that examine the effects of partnership arrangements in labour market policy, we have found one empirical study with the focus on this question. The study examines the effects of local partnership in a Swedish pilot programme in 1996.

The purpose of the pilot program was to strengthen local partnership arrangements between local and national authorities in labour market policy in certain municipalities. The expected results from the Swedish

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<sup>25</sup> For a further discussion on the experimental approach see Heckman & Smith (1996) and Björklund & Regnér (1996).

Government, which initiated this pilot program, was to decrease the Government's expenditures on labour market programmes. The programme consisted of a reorganisation of Local Employment Service Committees (*arbetsförmedlingsnämnd*) and less restrictions regarding the use of funds.

The Local Employment Service Committees are co-operative bodies at the local level and consist of different local representatives from the municipalities, the public employment services, the county labour boards, trade unions and the business community. The idea of the committees is to strengthen partnership on the local level and co-ordinate the activities of various participants. The committees also initiate different projects and suggest changes in labour market policies. Today, there are committees in almost every municipality in Sweden.

The pilot programme was followed up by several evaluations<sup>26</sup>, but there is only one that explicitly studies the effects of partnership.<sup>27</sup> This evaluation points to the fact that it is possible to examine the effects of partnership.

The evaluation conducted is a quasi-experimental study. The important issue is that the level of partnership in the municipality has been graded, and due to this it was possible to isolate the effects of partnership. The level of partnership was measured through a questionnaire circulated to all the municipalities (288) and to 381 employment offices. The following question was asked: "During the last two years, have partnership arrangements between local and central governments increased in real terms?" Nine municipalities answered that the increase in partnership was very significant or significant. These nine were selected to act as an experimental group. The experimental group was then matched with a control group consisting of nine other municipalities. In the questionnaire, the municipalities in the control group answered that the increase in partnership was hardly significant or nonexistent. Selection criteria in the matching process included population, employment, educational variables and industry structure.

To measure the effects, a multiple regression was conducted. The data used in the regression was all persons unemployed and registered at the employment office in the two groups of municipalities during the three observation periods:

15 <sup>th</sup> January 1995	–	15 <sup>th</sup> January 1996
15 <sup>th</sup> January 1997	–	15 <sup>th</sup> February 1998
1 <sup>st</sup> March 1998	–	15 <sup>th</sup> February 1999.

Four different regressions were made using different dependent variables. These were:

1. The probability of getting permanent employment during the observation period.
2. The probability of getting temporary employment during the observation period.

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<sup>26</sup> See RRV (1997) and Lundin & Skedinger (2000)

<sup>27</sup> Behrenz et al. (1999).

3. The probability of being put in a labour market programme during the observation period.
4. The probability of being removed from the employment office's registers due to unknown reasons.

To control for differences within the population in the different observation periods and the 18 municipalities, a multiple regression was used. The independent variables used were:

- Age
- Number of previous employments
- Number of previous periods of unemployment

Also a number of dummy variables were used, for example:

- Immigrants (two variables)
- Part-time applicants
- Education (three variables)
- Sex
- Working experience (two variables)
- Kind of work applied for (four variables)
- Handicapped
- Municipality category (whether the municipality is a experiment- or reference-municipality)

The comparisons between the two groups of municipalities show contradictory results. The researchers found a positive effect on the increased probability of getting permanent employment. Individuals in the municipalities with a high level of collaboration had a significantly higher probability of getting permanent employment compared to individuals in municipalities with less collaboration. In contrast, there is also a negative effect of collaboration on the probability of getting temporary employment. Because of the mixed results, it is difficult to draw some clear conclusions from this study on the effectiveness of partnership arrangements. However, the point here is not to discuss the effectiveness of partnership, but to point to the fact that there are solutions to the methodological problem of measuring the effects of partnership in employment policy. There are, though, some reservations when it comes to the evaluation design in the mentioned study.

First, collaboration was examined through questionnaires where respondents graded the level of partnership in the municipality. Thus, the level of collaboration in the two groups is based on subjective opinions.

Second, there was no control of other policy interventions during this time. There might have been one policy intervention or government incentive in one municipality but not in the other, during this period, which change the macro-economic environment. If this was the case, the Government incentive might effect the probability of employment. This creates selection bias concerning municipalities.

Third, there was no control over differences in the implementation or content of the labour market programmes used in the municipalities. It is possibly that the programmes differed between the two groups of municipalities.

Fourth, the municipalities were not selected at random. There might be other differences between the two groups of municipalities not covered by the statistical control. Since the evaluation focused on changes over time, it must be said, though, that this problem is only valid if the non-observable variables differed over time.

#### **4. Is it possible to evaluate collaboration?**

One purpose of the evaluation of the European Employment Strategy was to answer the question: Can the development of local partnerships and their impact on employment be evaluated? According to the member states' own statements in the evaluations of the Strategy, the answer seems to be that this is impossible or that there are serious difficulties in doing so. None of the member states made any attempt to isolate the effects of partnership in employment policy. Nevertheless, the number of existing partnership arrangements in these countries seems to be rich.

What we have tried to emphasize in this paper is the fact that it is possible to measure the effects of partnership. There are some methodology difficulties, but they should not be very different from the traditional problems in evaluating labour market programmes in general. Even if it is difficult from a methodological point of view, it should not stop evaluators from evaluating. But, the results should be interpreted in a more cautious way.

We believe that one explanation for the lack of results in this area is the design of the evaluation of the Strategy. A crucial point in impact evaluation is careful planning. In the case of the Strategy, the evaluation was initiated approximately half a year before the final report was to be completed. To be able to use an experimental approach the evaluator has to be involved in an early stage.

We also want to stress the importance of building up a common set of evaluation criteria when evaluation results from different countries are to be compared.

The importance of evaluating efficiency in partnership arrangements could be stressed for many reasons. For instance, co-operation takes time and time-consumption requires certain resources. It might not show in Government Bills and Municipality Budgets, but meetings, joint objective writing and efforts to avoid obstacles prevents civil servants from doing other things. To be able to say anything about the cost-effectiveness of this extra work, evaluation is important. Otherwise, instead of improving efficiency, the partnership arrangement can have the negative consequence of lowering it.



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