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Gesellschaft für Wirtschaft, Arbeit
und Kultur, Frankfurt am Main

Cooperation, Partnership and Ecosystems in Employment Services – the Case of Germany

*Public-Private-Partnerships for Better
Employment Services
International Seminar KOREA TECH
15-16 February 2024*

Matthias Schulze-Böing

Structure

1. Germany – Unemployment and Employment Policies
2. Germany – Basic Protection for Jobseekers
3. Working in Partnership? The Role of Private Providers in Germany
4. Cooperation and Partnership within the System of Basic Protection

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1. Unemployment and employment policies in Germany

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Multi-Level Government in Germany

National Government:

- Federal Employment service (including occupational guidance)
- Funding of local employment services and social assistance
- Funding for innovative local projects in the fields of education and employment

16 State („Länder“) Governments:

- Educational services, schools
- Supervision of local authorities

Local government:

- Delivery of localised employment services and social assistance
- Social services
- Social development policies
- Integration policies for immigrants

Corporatist self-governing bodies of the business-sector:

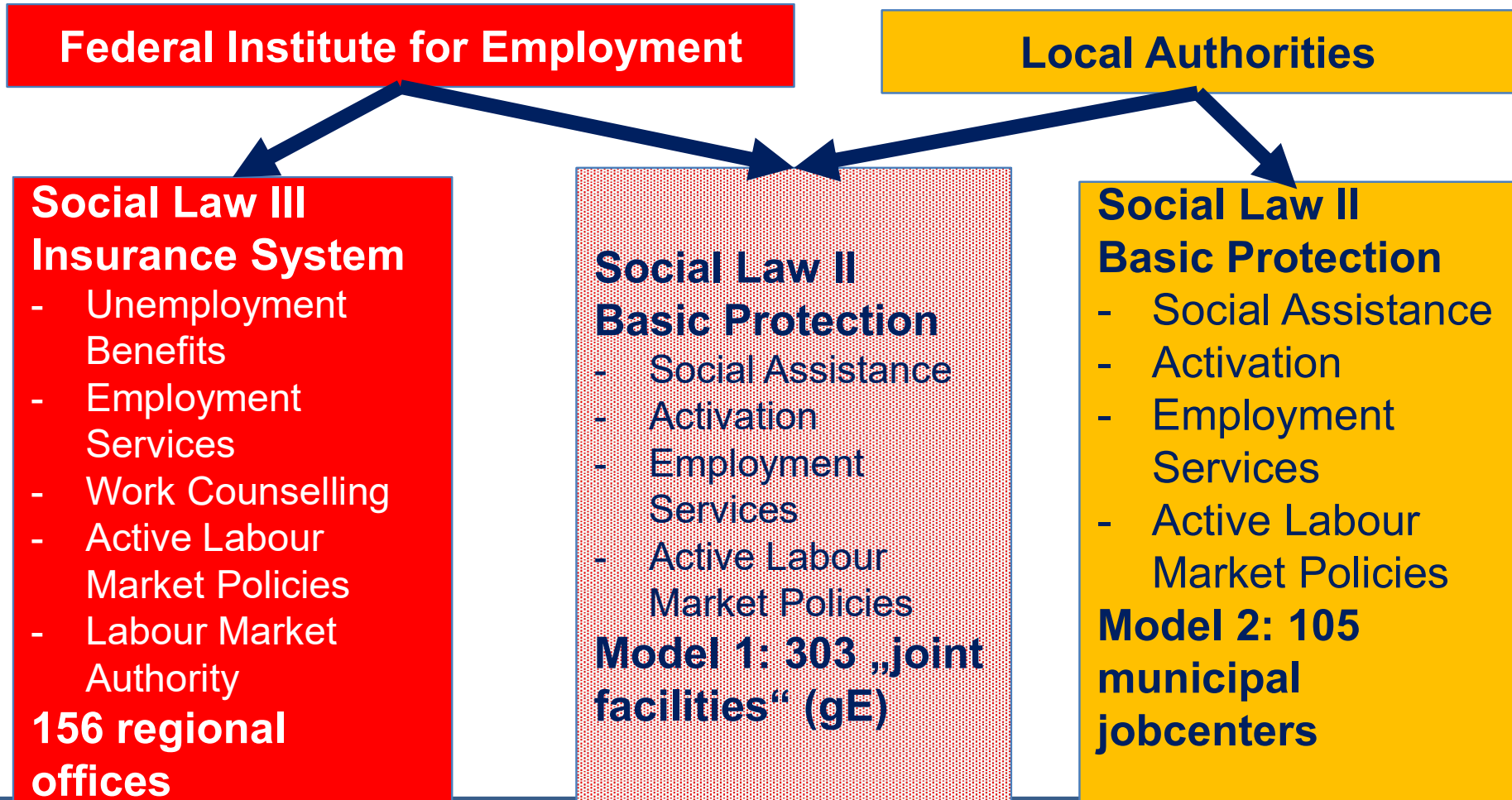
- Chambers of Industry and Commerce
- Chambers of Crafts-Businesses

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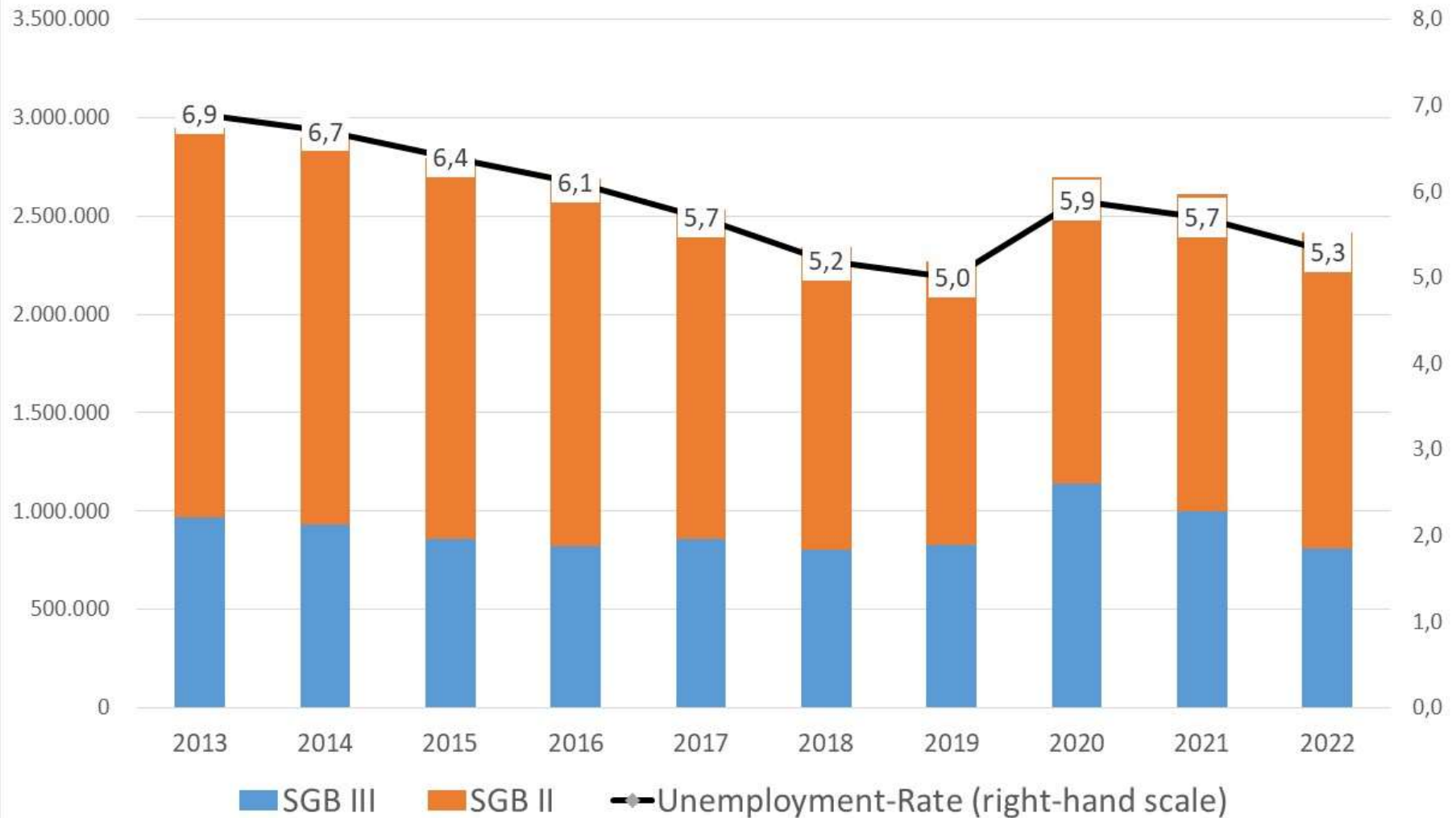
Labour Market Policies in Germany – Institutional Layout



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Germany: Persons unemployed



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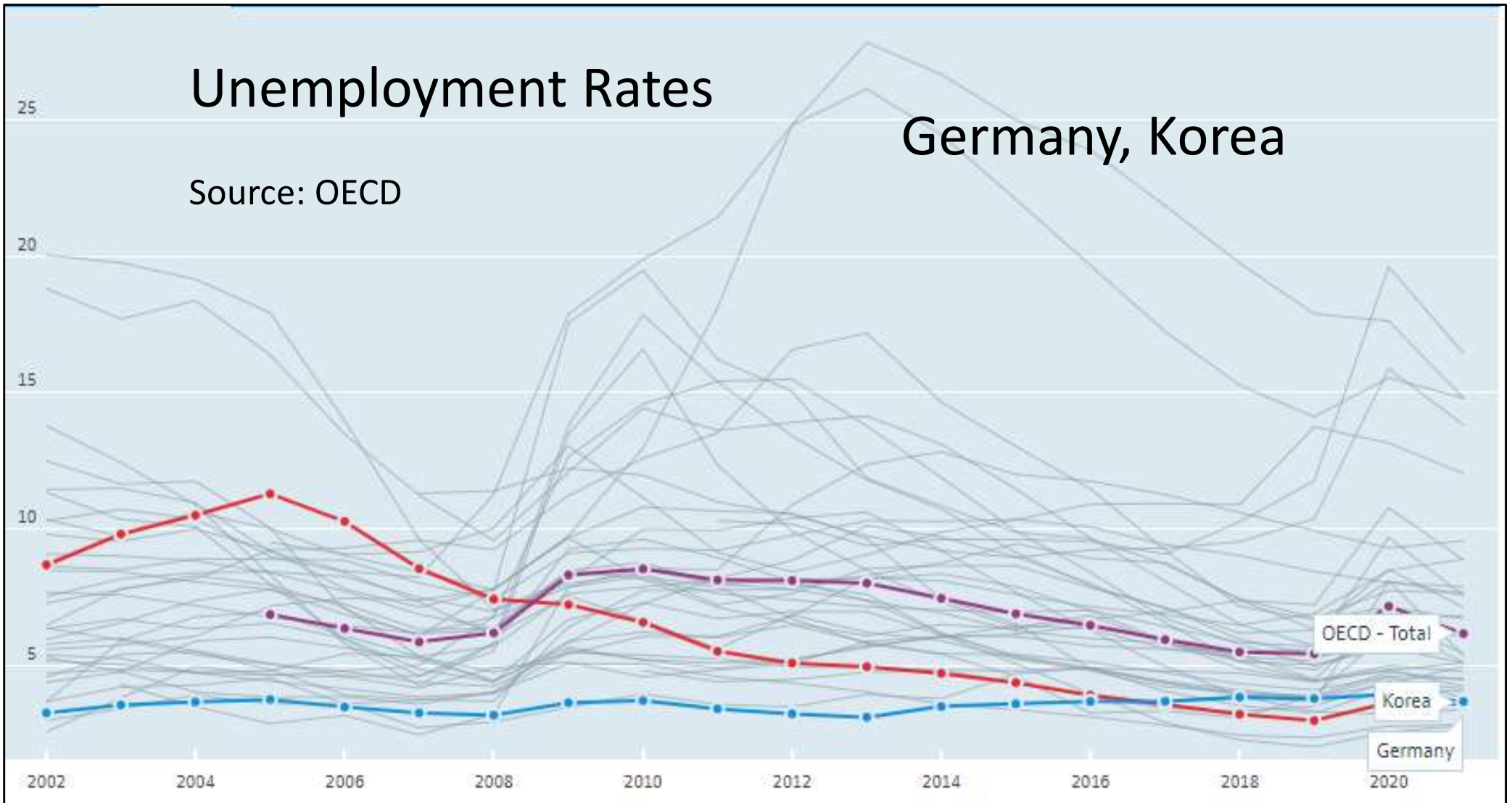
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Unemployment Rates

Source: OECD

Germany, Korea

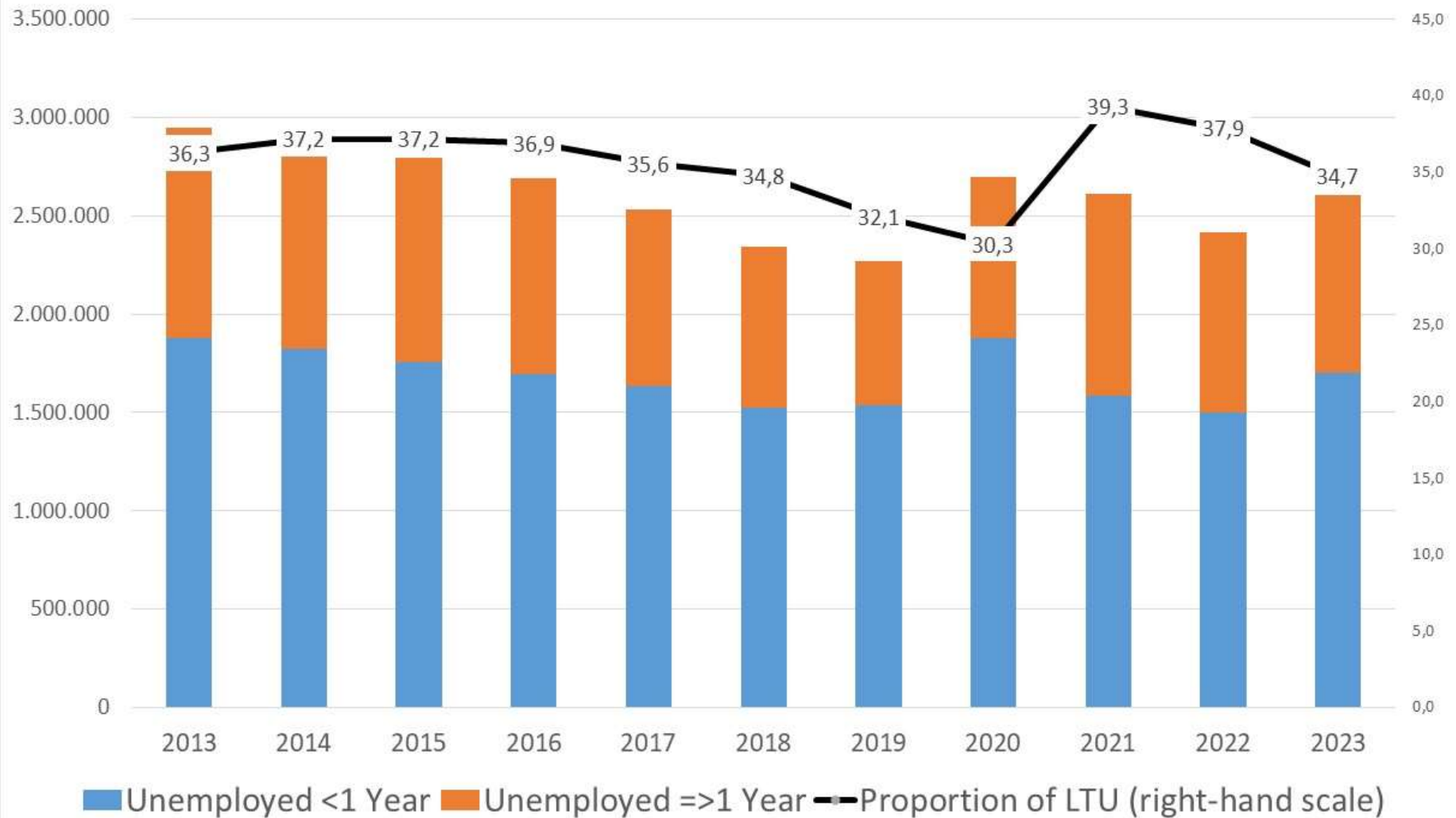


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Germany: Long-Term-Unemployment



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2. SGB II – Basic Protection for Jobseekers

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The welfare-reform of 2004/2005

- „Agenda 2010“ – a response to structural unemployment, labour market inefficiencies and the financial crisis of the welfare state
- „Hartz 4“ – reform: merging unemployment benefits (for the long term unemployed) with social assistance
- Provision of an integrated scheme, including assistance for job-seekers and their families and integration measures
- Implementing an activating employment policy
- Creation of new organisational bodies as integrated job-centers (one-stop-shops)

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The Service Approach of SGB II with Jobcenters as agencies of delivery

- Linking „passive“ and „active“ benefits and services
- A balance of rights and obligations (benefits are conditional)
- Integration of employment services and social services
- Case management as methodology of reference
- Integration strategies integrated and holistic

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Relaunch of SGB II 2023, Transition into „Citizens Allowance“

- Key-project of current „Traffic-Lights“-Coalition
- Incremental reform, no paradigm-shift
- Alleviate conditionality
- Improving incentives to take up work by credits on earned income
- Transition from obligatory „Integration Agreement“ to optional „Agreement on Cooperation“
- Raising the level of basic income allowance

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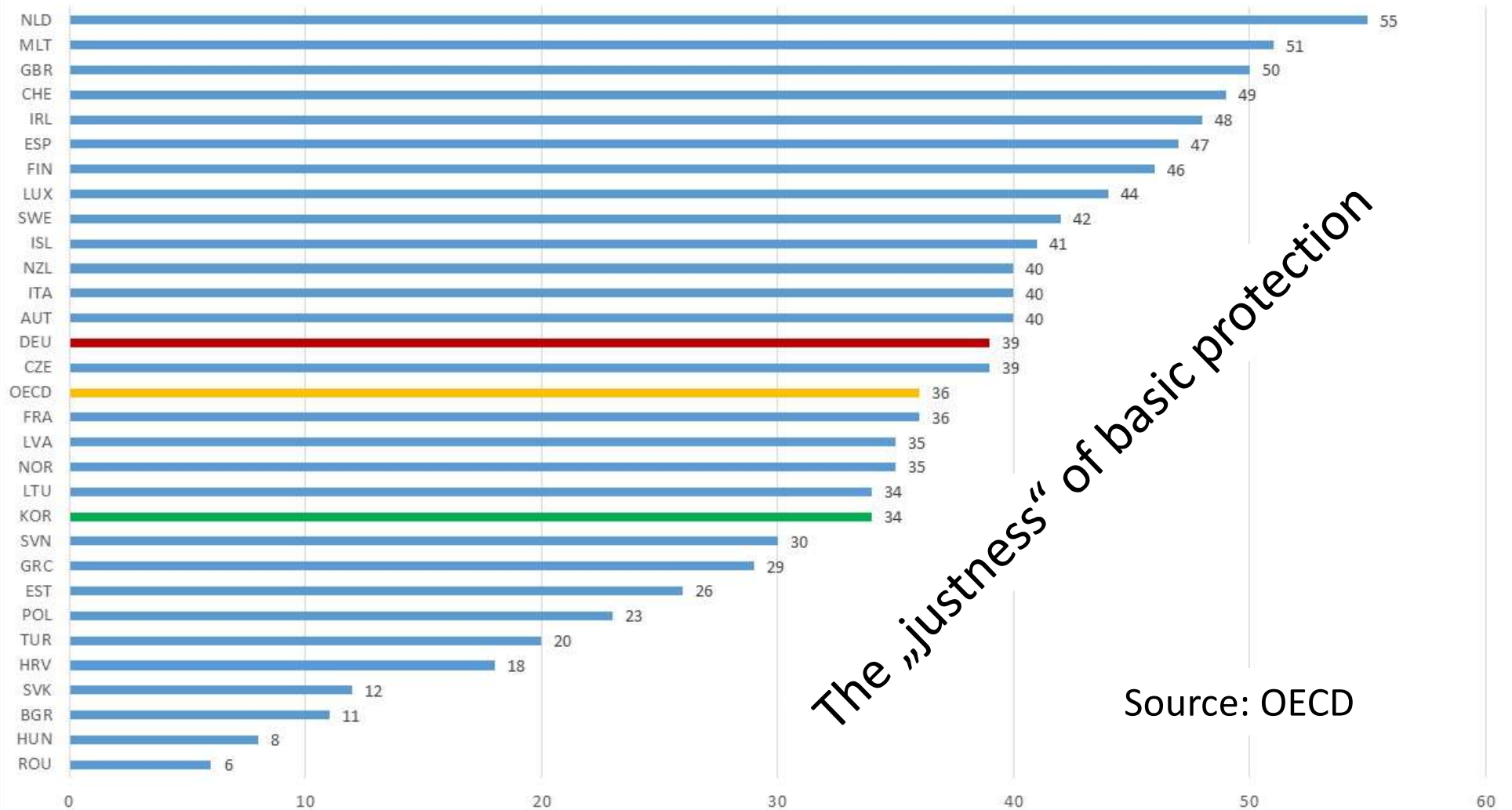
Responsibilities Benefits and Services	Federal Government	Municipalities
Minimum Income	<ul style="list-style-type: none"> • „Citizens Income“ (minimum income benefits for adults at working age and their families) • Health Insurance 	<ul style="list-style-type: none"> • Benefits for Housing and Heating • One-Off-Benefits (e. g. initial equipment for dwellings, costs of relocation)
Activation and Social Integration	<ul style="list-style-type: none"> • Skills Training • Placement Support, Job-Intermediation • Coaching • Wage-Subsidies • Public Works-Schemes 	<ul style="list-style-type: none"> • Complementary Social Services (e. g. debt counselling) • Child Care
Benefits for Education and Social Participation of Children and Youths		<ul style="list-style-type: none"> • Repetitional lessons • Cultural and social participation • Lunch at school • School excursions

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Adequacy of Basic Protection (Level of BP as a Percentage of Median-Income) 2023, Single, no Children



The „justness“ of basic protection

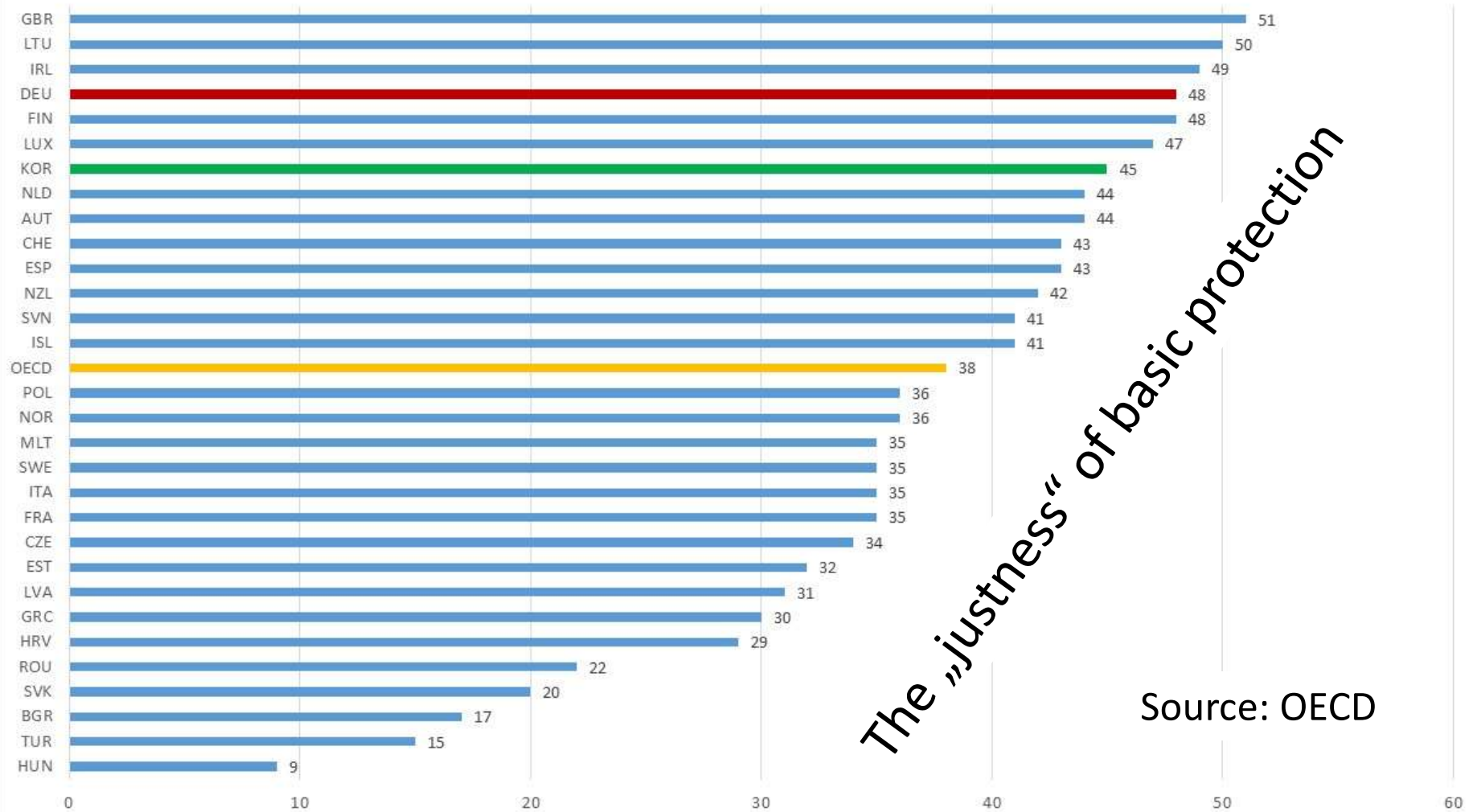
Source: OECD

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Adequacy of Basic Protection (Level of BP as a Proportion of Median-Income) 2023, Couple, 2 Children



The "justness" of basic protection

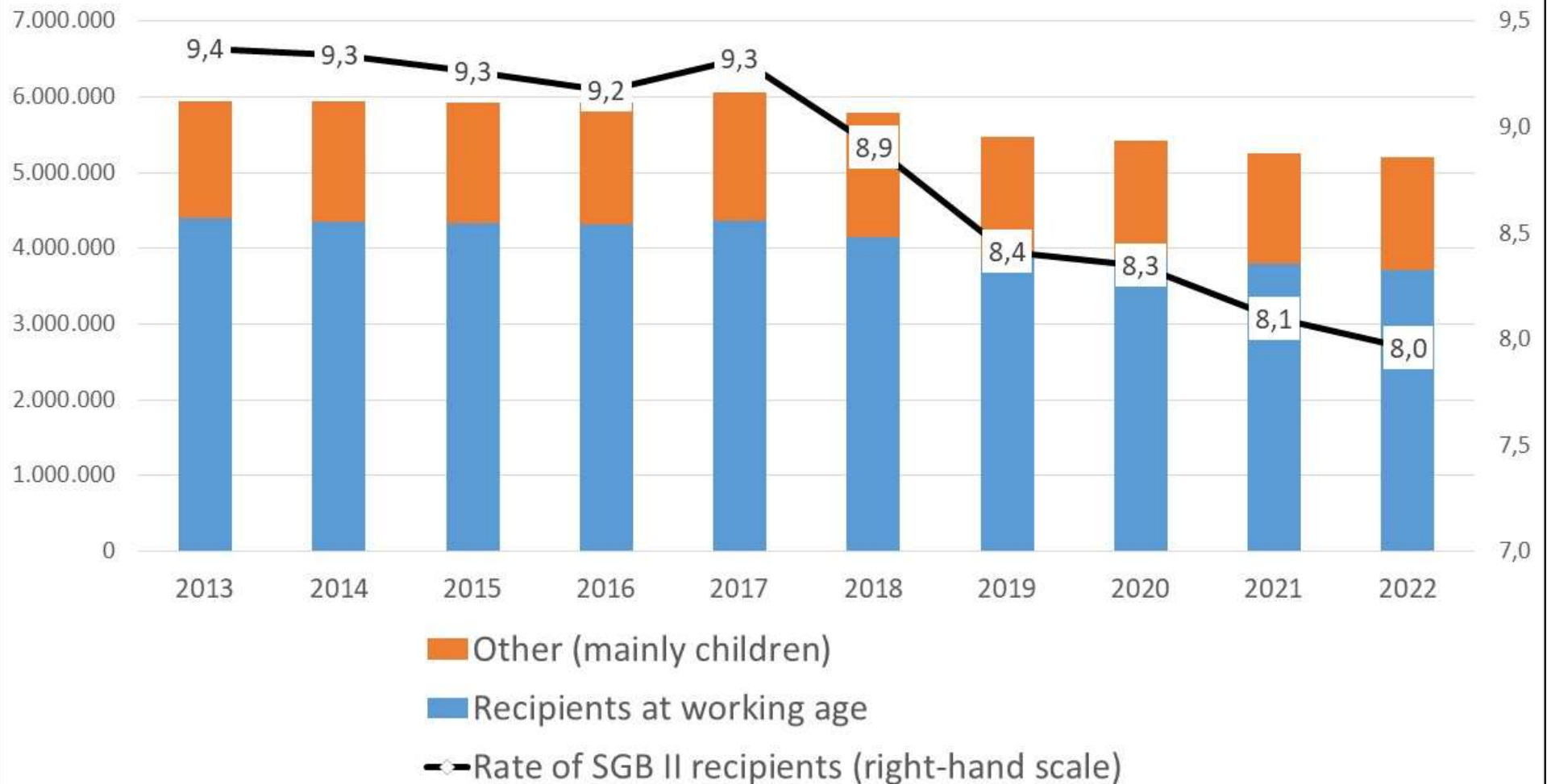
Source: OECD

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Germany: Basic Assistance for Jobseekers (SGB II), Individuals, and Rate of Recipients



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3. Working in Partnership?

Cooperation of Public Agencies and Private Providers within the German Model

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Public Authorities – Private Providers

- Sovereign Functions executed exclusively by public authorities (decisions on applications for benefits, sanctions, referral to services delivered by third parties...)
- Discretion with regard to budget decision and service policies
- Specific rules for SGB III and SGB II-agencies
- Measures of active labour market policies usually commissioned to private providers
- Cooperation with NGO's and Non-Profit-Organizations of relevance within SGB II

Commissioning employment services

Strict rules for „Agenturen für Arbeit“ (SGB III, regional agencies of the BA, the federal institute for employment) and Jobcenters (SGB II, delivering services related with the basic protection scheme):

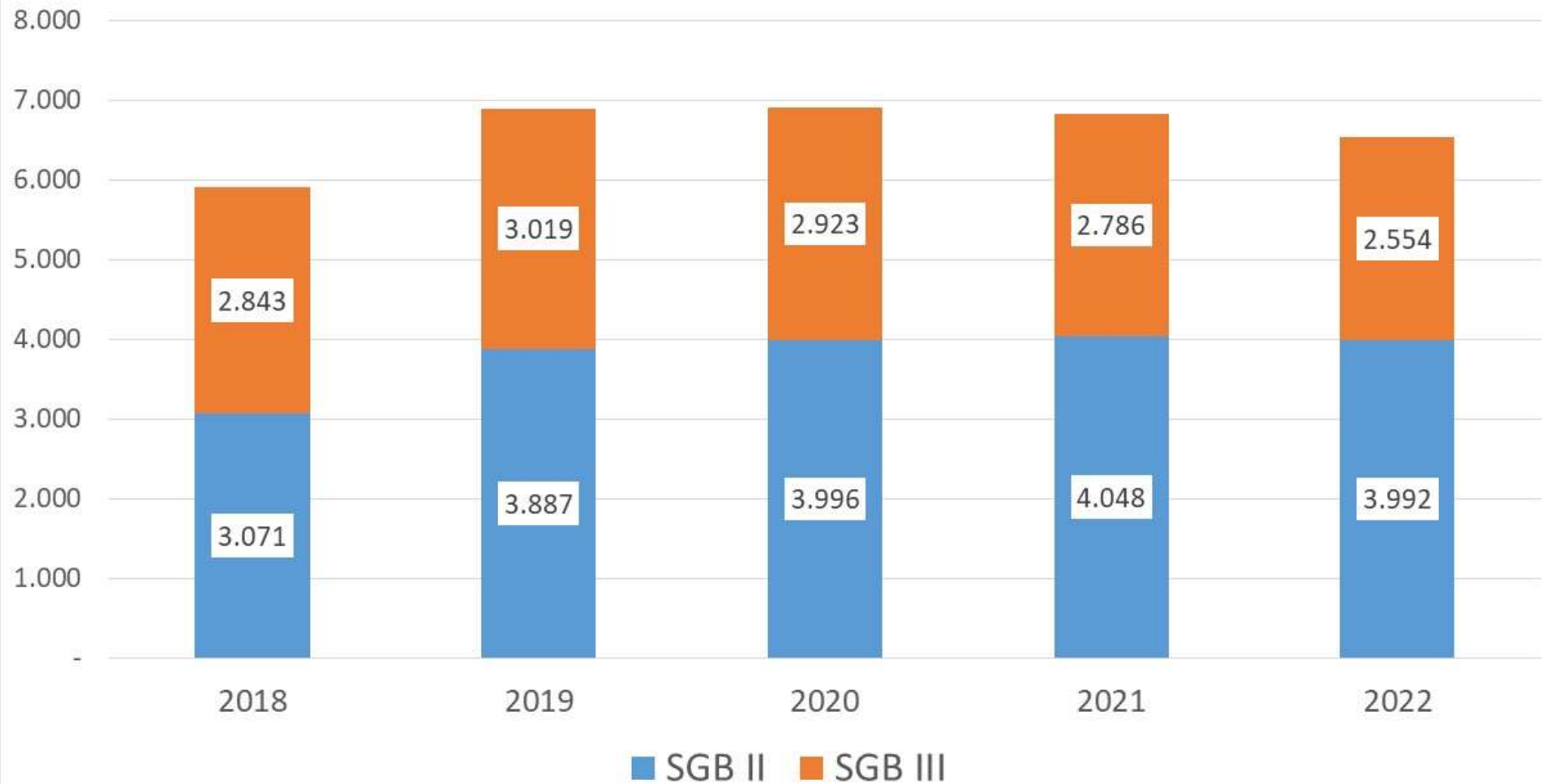
- Going for tender obligatory
- Providers have to proof certification (with regard to quality management and with regard to the measures they provide – AZAV (similar to ISO 9001))
- Very competitive market

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Germany: Active Labour Market Policies, SGB II, Expenditures (Million Euros)

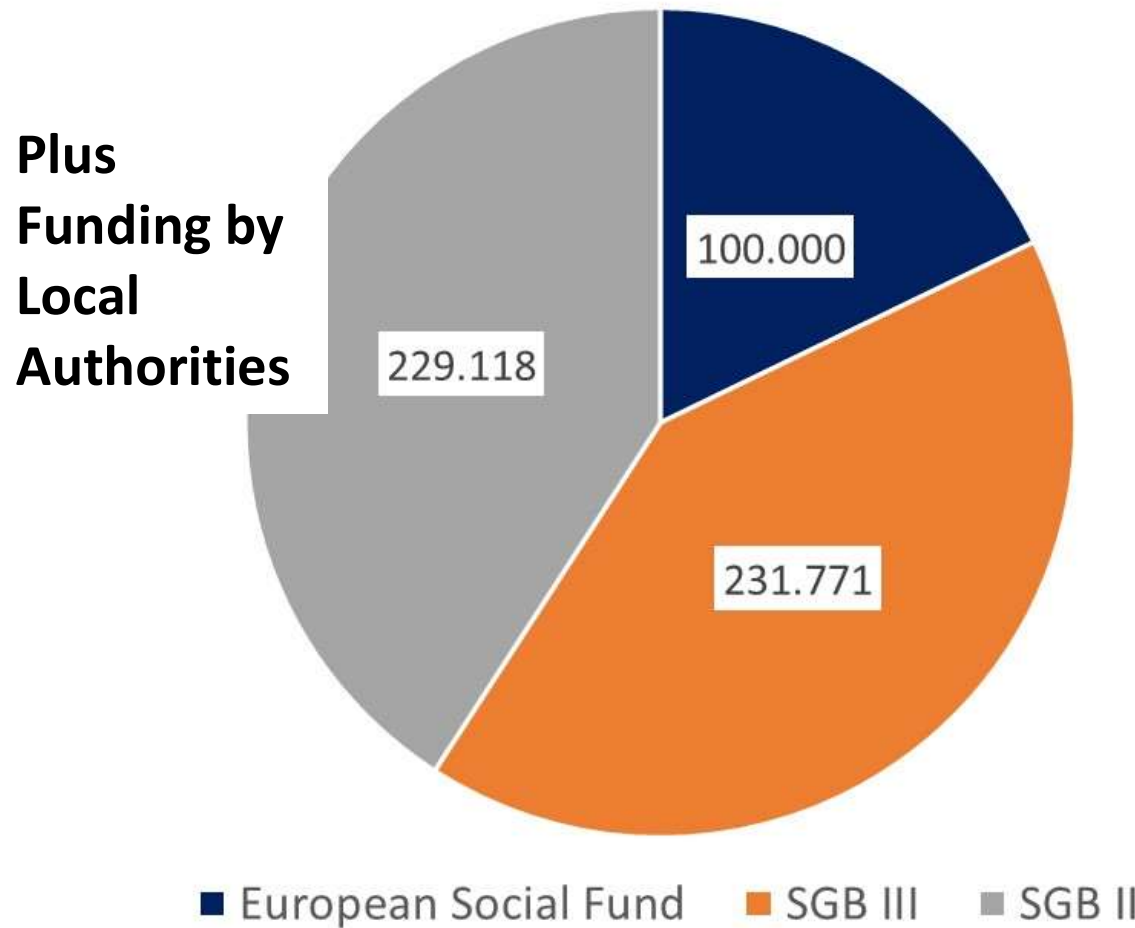


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Volume of Funding, 1000 Euro, 2022 (State of Hessen, approximation)

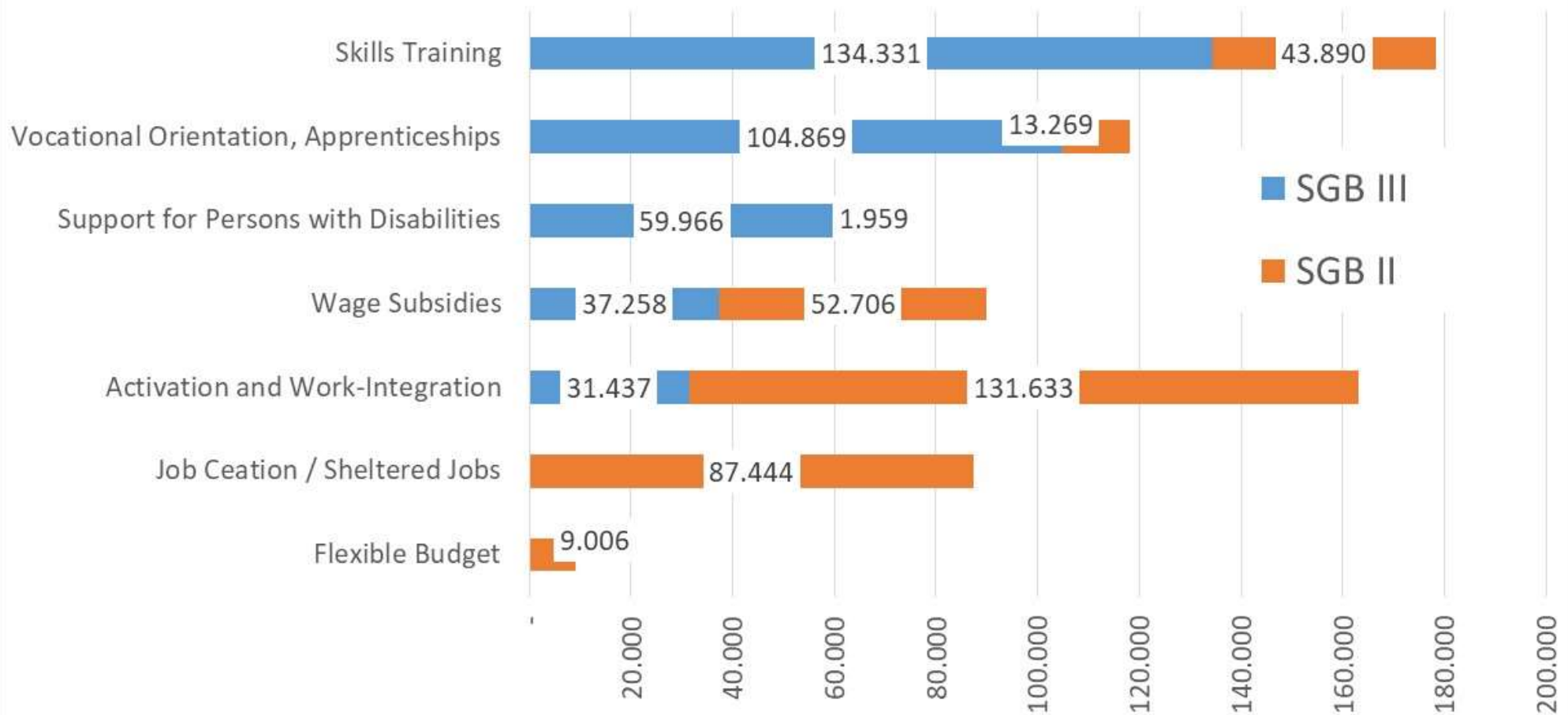


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Germany: Measures of Active Labour Market Policies, Participants (Yearly Average, 2022), SGB II and SGB III

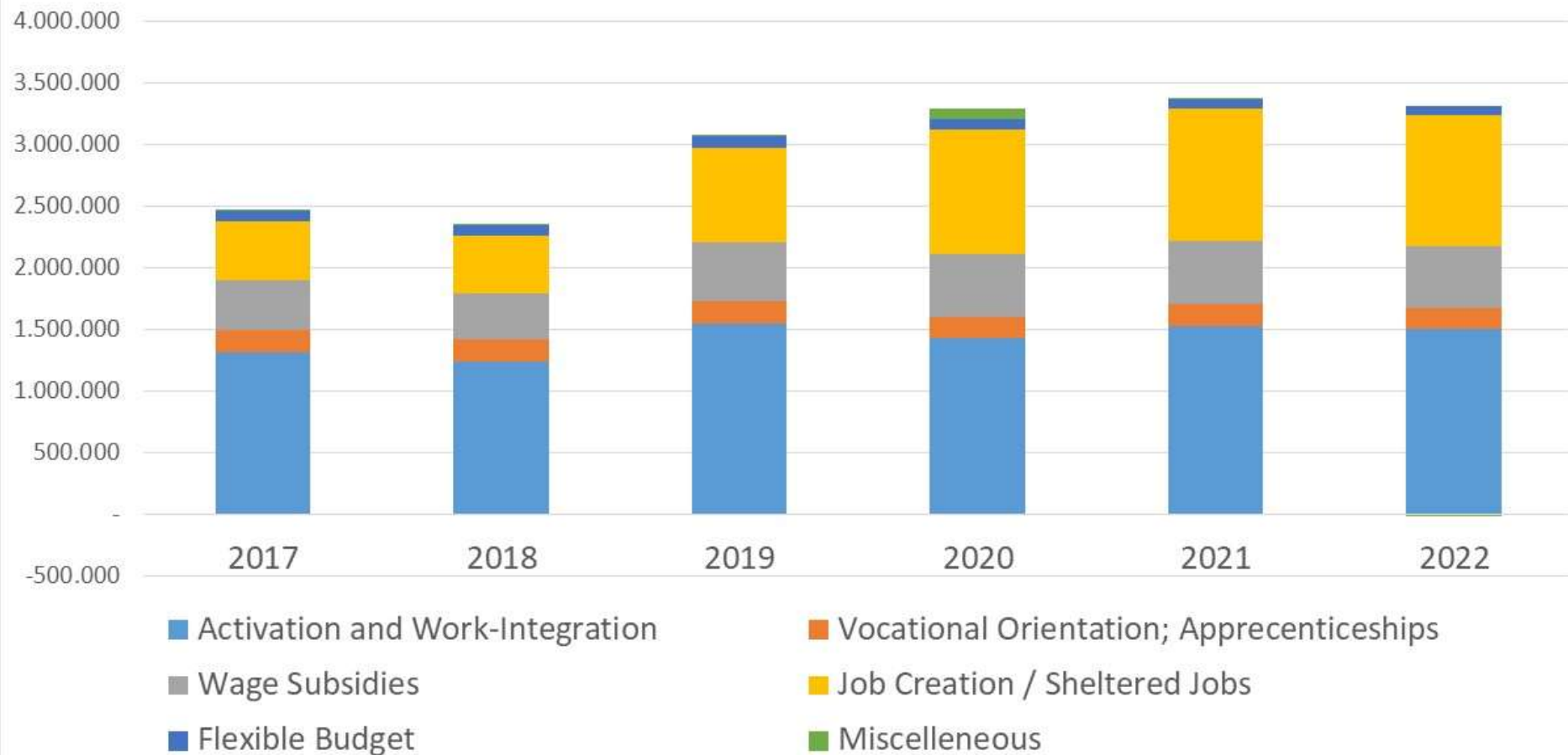


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Germany: Active Labour Market Policies, **SGB II**, Expenditures, Selected Subjects of Funding (1000 Euros)

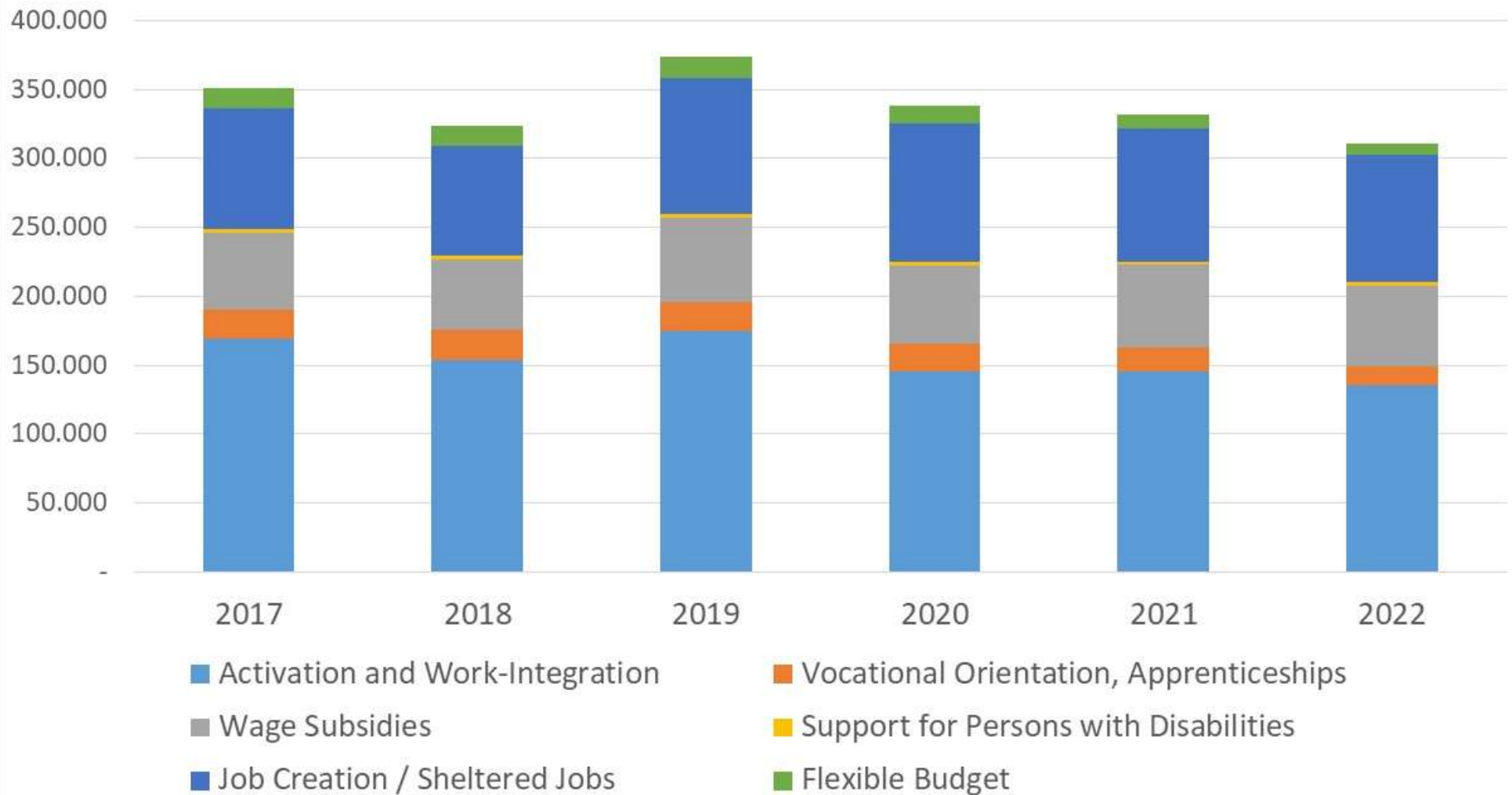


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Germany: Active Labour Market Policies, SGB II, Participants (Yearly Average)

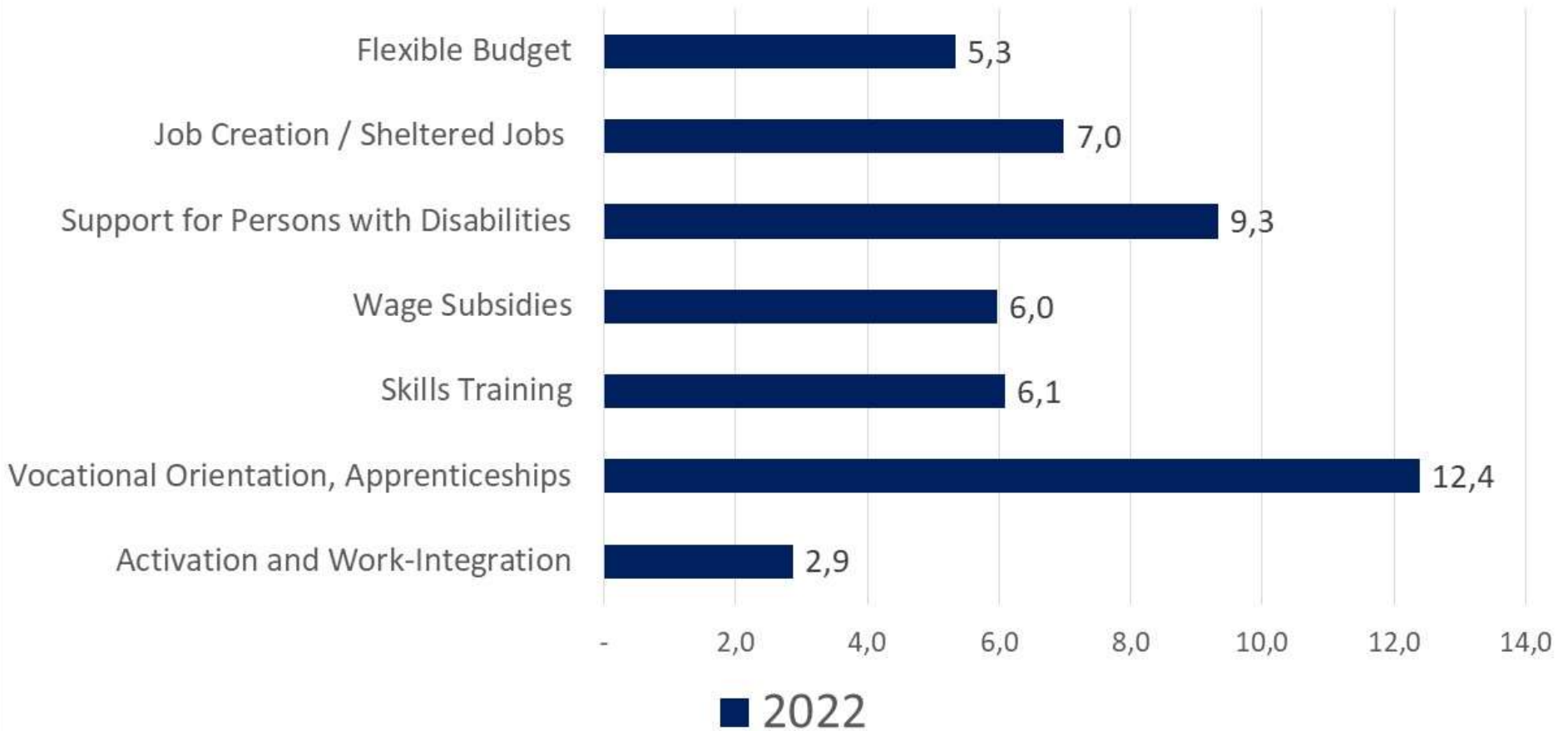


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Germany: Active Labour Market Policies **SGB II,** Participation Period per Participant (Months, Average)



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Achievements, Shortcomings, Debates

- Accountability (+)
- Flexibility (+, but depending on discretionary policies)
- Decline of quality? Priority to competitive price-settings?
- The market for employment services is very volatile, a high-risk-market for providers, thus preventing major investments in innovation and attracting „hit and run“-business models (-)
- Fragmented work-flow of services within the public agencies and services provided by third parties (-)
- Commissioning of services to third parties may increase transaction-costs
- Re-internalisation of services as an option?

Excursus: The Case of the Vouchers for Activation and Jobplacement

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Vouchers for Activation and Job-Placement (AVGS) (I)

- Introduced in a first version 2002 as part of the „Hartz“-reforms with the aim to improve the effectiveness of job-intermediation and to encourage competition between public agency and private providers
- Has been developed further over time
- Eligibility:
SGB III: 6 weeks after first receiving unemployment benefits
SGB II: Jobcenters are free to use AVGS from the first day

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Vouchers for Activation and Job-Placement (II)

- Fee for private provider:
2.500 Euro per placement of 6 months or longer
 - 1st instalment 6 weeks after placement: 1.250 Euro
 - 2nd instalment 6 months after placement
- Higher fee for the placement of Long-Term-Unemployed and persons with disabilities (3.000 Euro)
- According to evaluation-research, the voucher had a positive impact on the performance of employment policies in the early years

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Vouchers for Activation and Job-Placement (III)

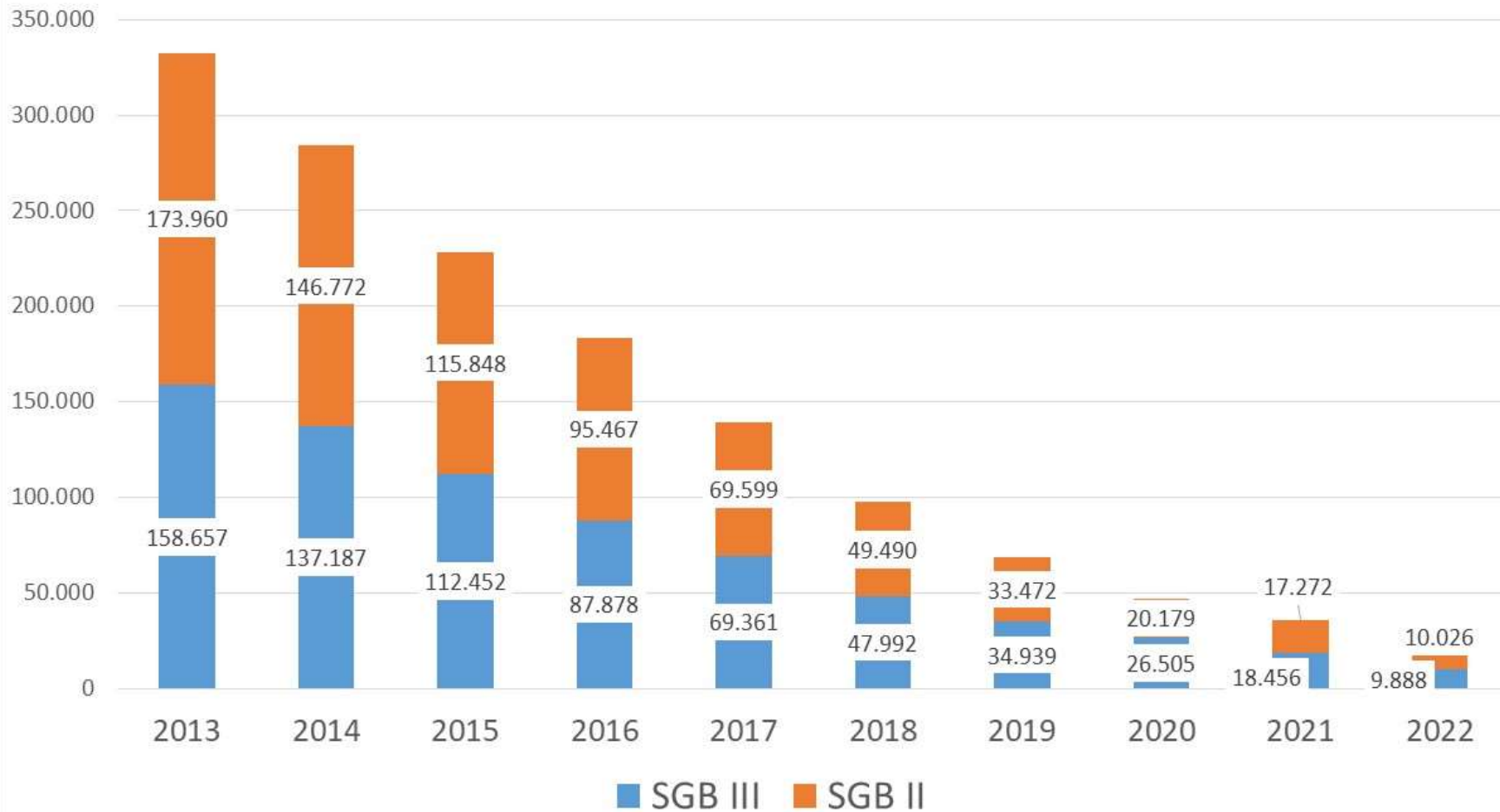
- AVGS mainly used for the easier-to-place clients
- With improved conditions on the labour-market AVGS has lost relevance
- Causes:
 - fee too low to allow for the intermediation of the hard-to-place
 - procedural rules regarded as unfair by private providers
 - many providers left the market
 - Public agencies have improved their capacities of job-intermediation

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Voucher for Job-Placement through Private Agencies Vouchers Issued

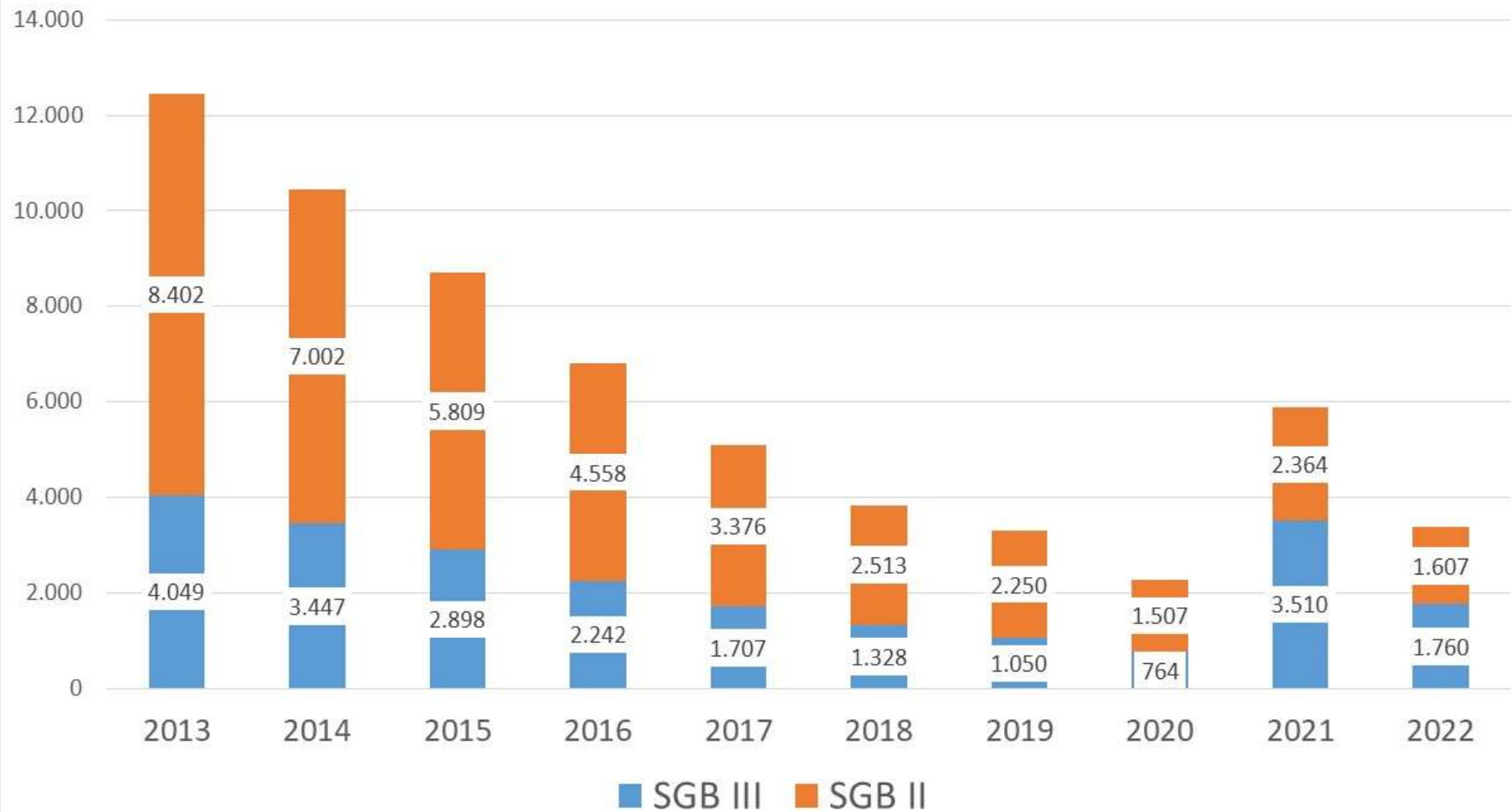


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Voucher for Job-Placement through Private Agencies Vouchers Redeemed (1. Instalment)



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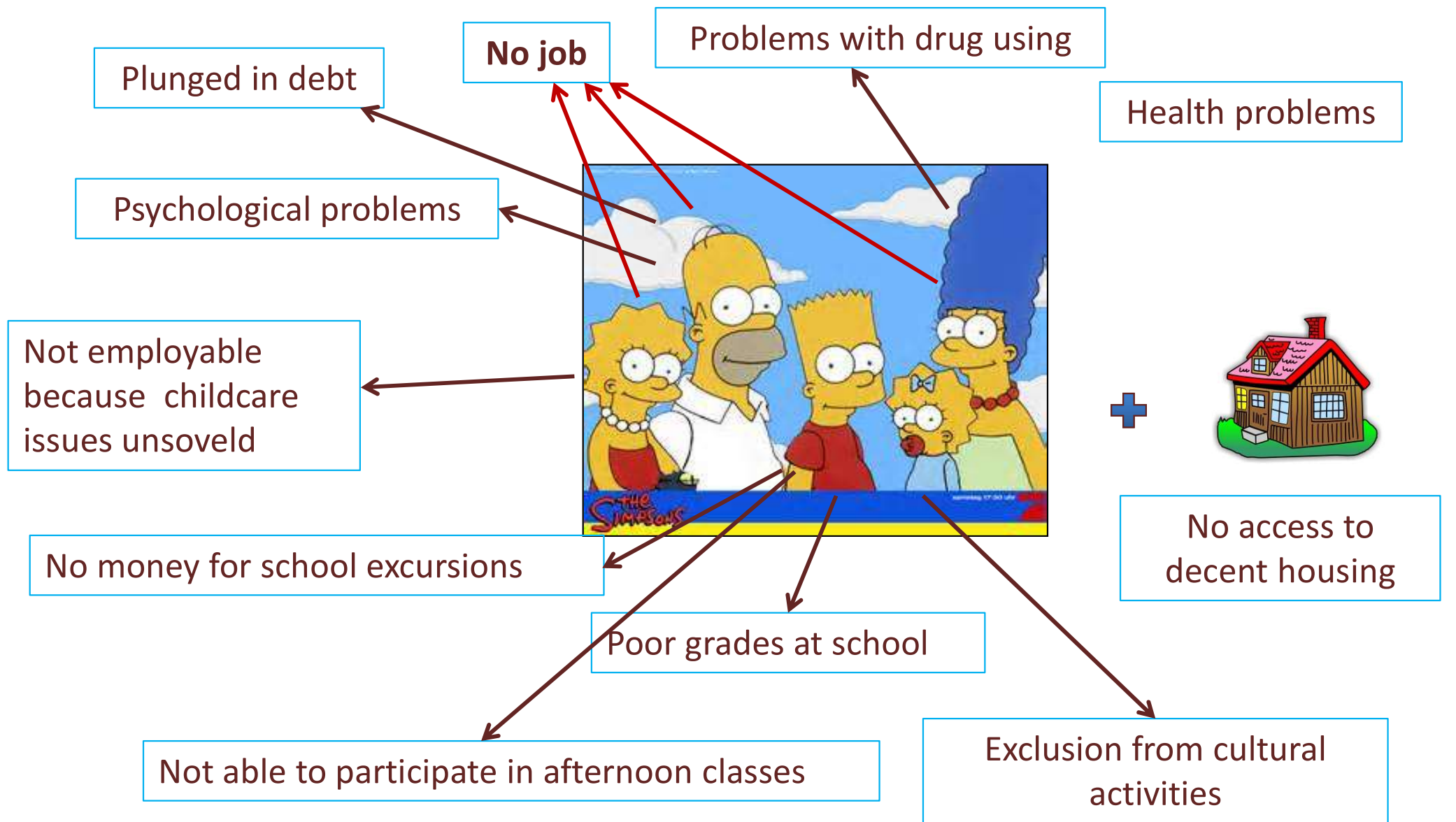
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4. Cooperation and Partnership within the SGB II-System

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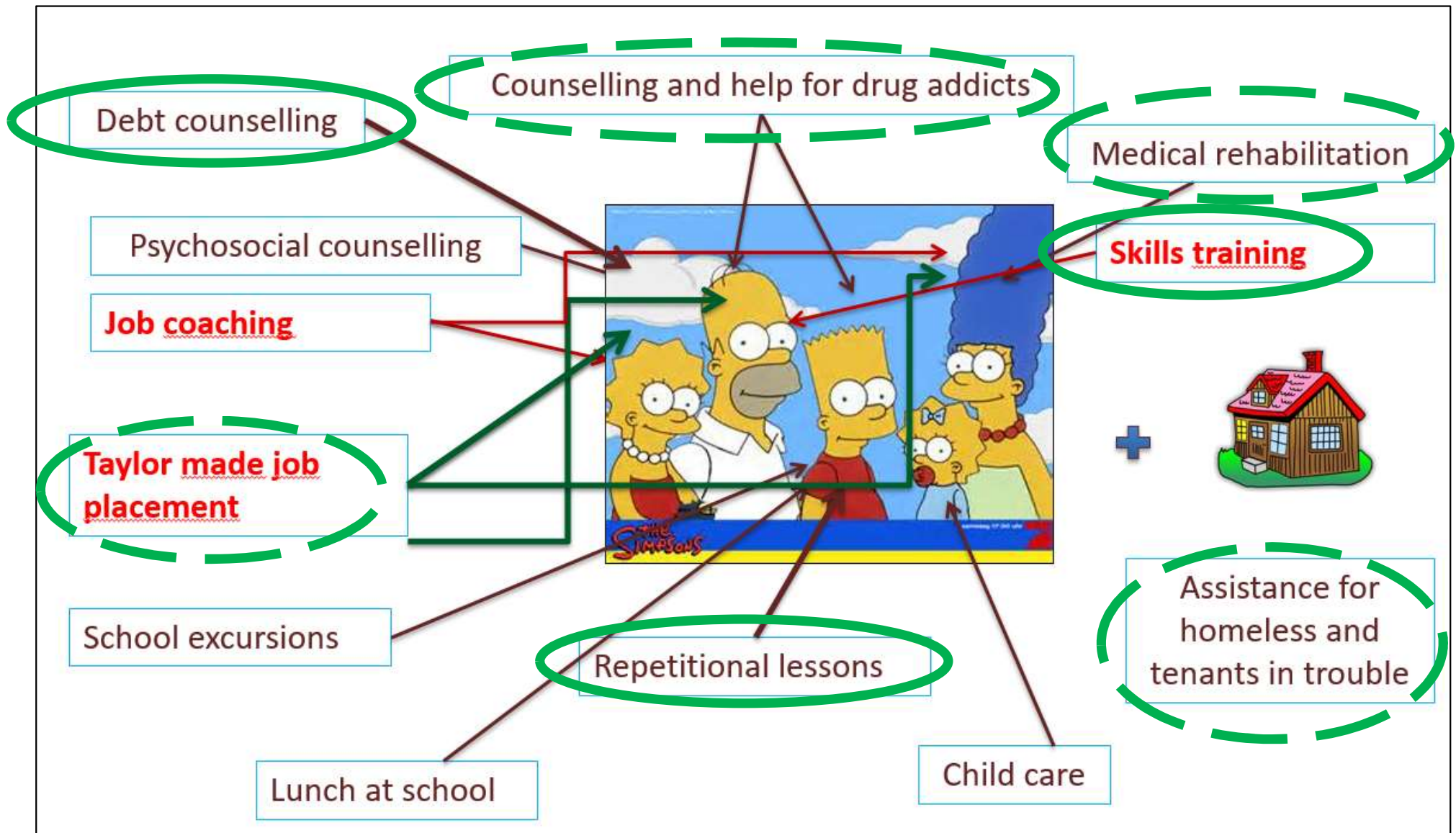
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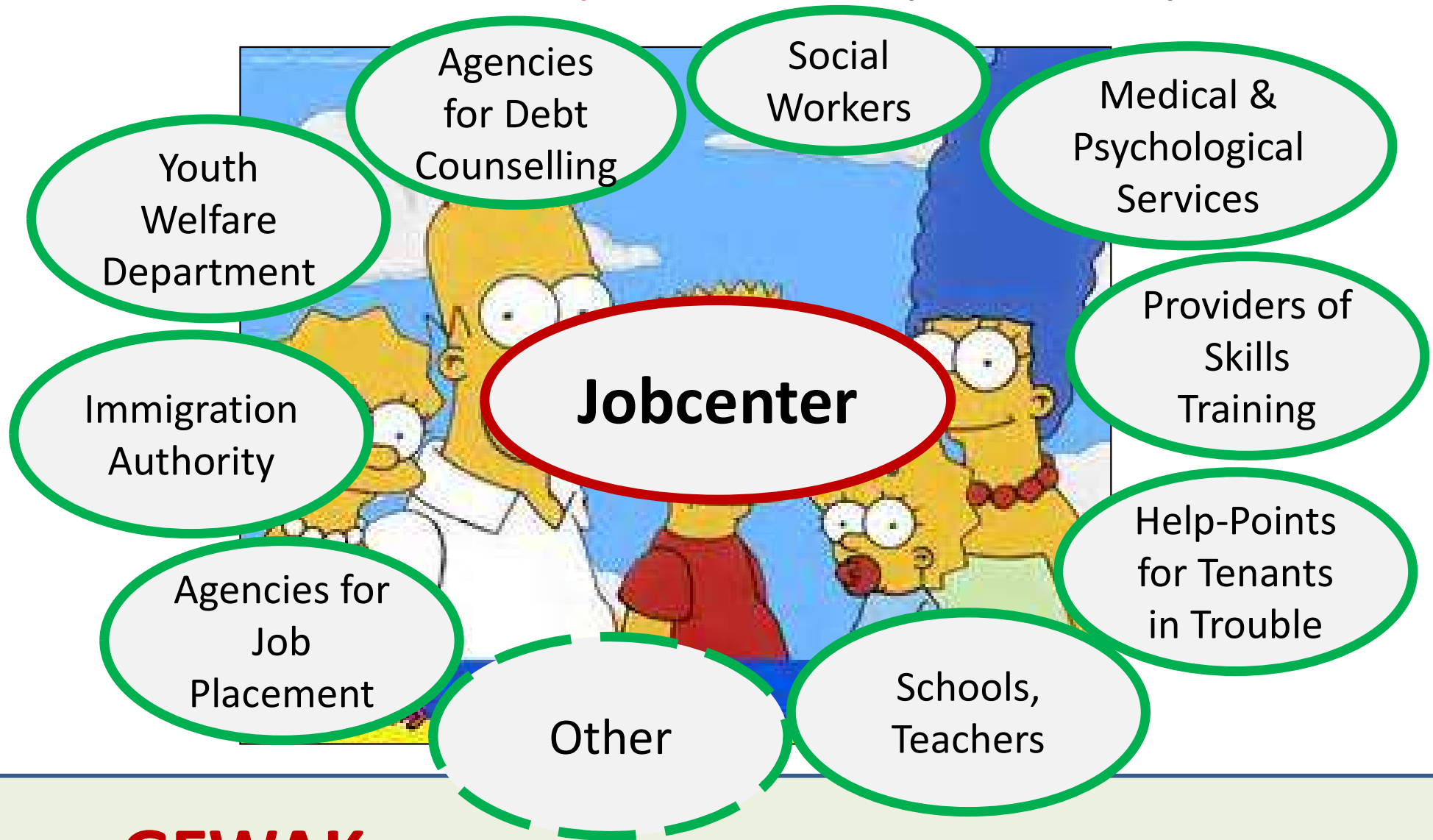


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SGB II needs an **ecosystem** of complementary services

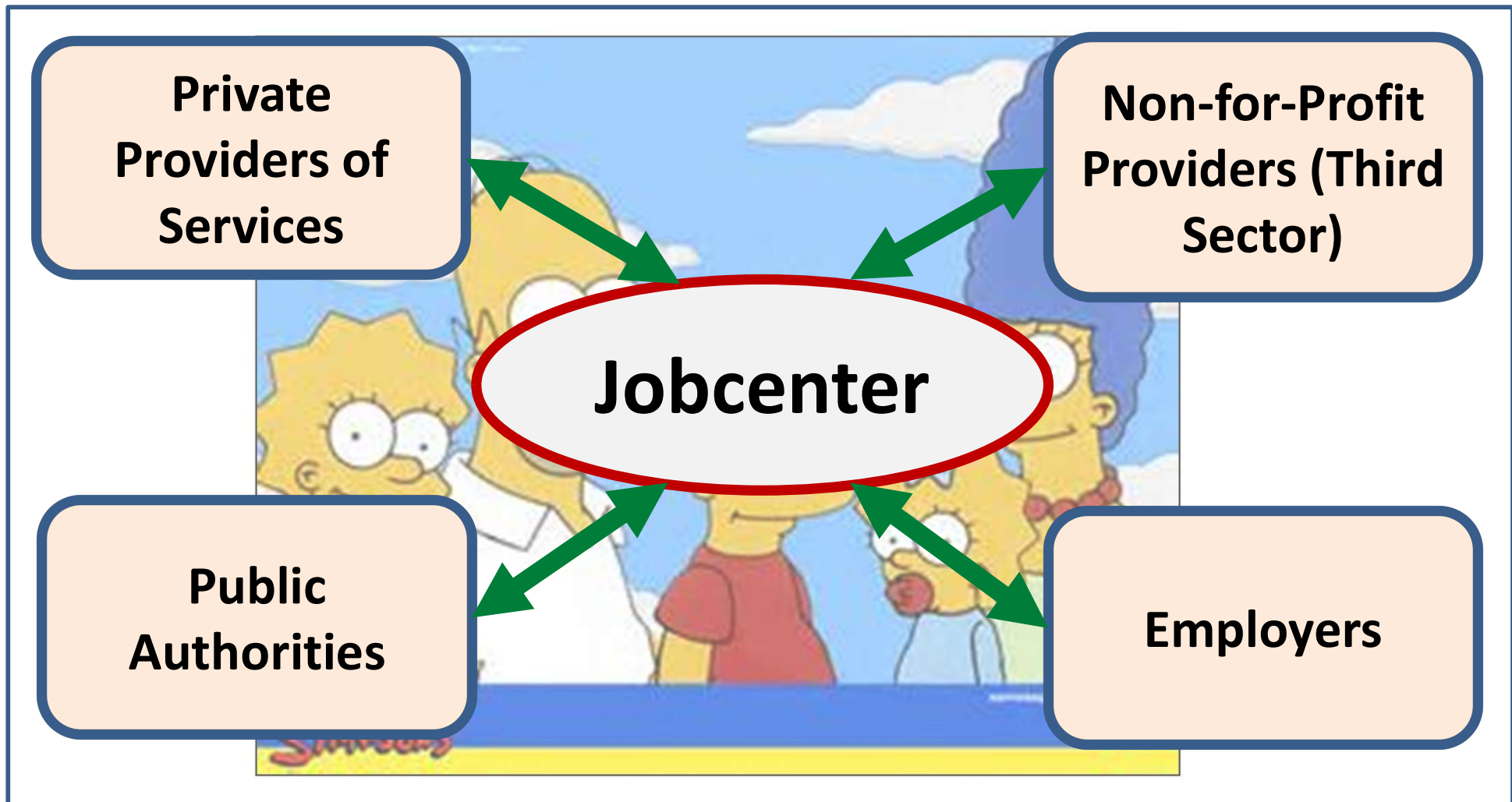


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The SGB II - Ecosystem



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The Challenge:

Improving systemic performance (I)

Optimization of the service portfolio

- What can best be done internally?
- What should be externalized?
- What can be done in collaboration?

Clarification of roles of actors

- Jobcenters
- Private providers
- Third-sector-organisations
- Authorities with complementary responsibilities

The Challenge:

Improving systemic performance (II)

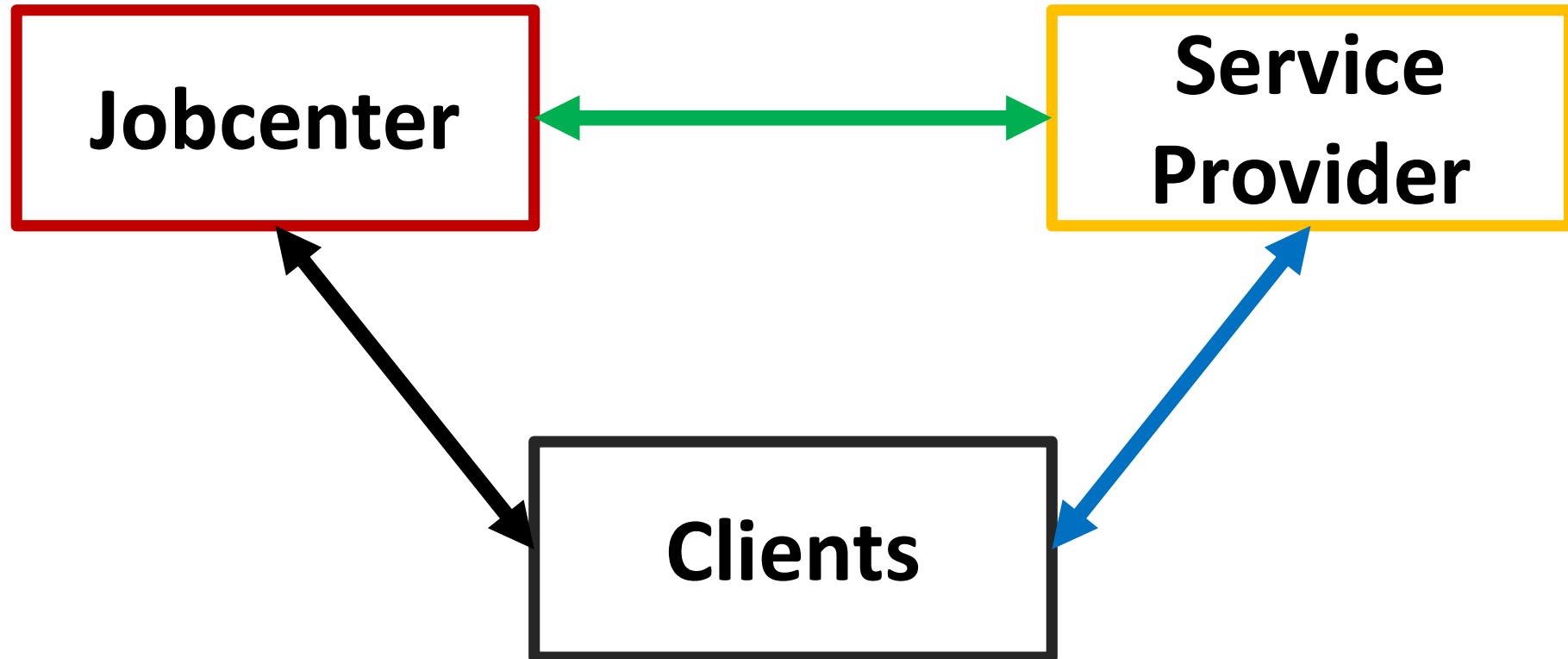
Managing the work-flow

- Management of the „social value-chain“
- Communication (channels, formats, common ground)
- Attitudes of staff
- Skills of staff

Clarification of roles of actors

- Jobcenters
- Private providers
- Third-sector-organisations
- Authorities with complementary responsibilities

Make the Triangle of Employment-Services work!



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Project: „Make it Work. Quality-Processes within the Triangle of Employment Services“

Commissioned by the State of Hessen

Running 2024-2025

Consortium



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HOCHSCHULE FULDA
UNIVERSITY OF APPLIED SCIENCES



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Main Steps of the Project

Investigating the drivers of success and failure

- Data analytics
- Focus-group-interviews

Exploring new ways of cooperation within the Triangle

- Regional conferences on the implementation of local employment policies
- Training to improve the mutual understanding of actors and to communicate more effectively
- Training to improve the quality of counselling

Policy recommendations to the State-Government of Hessen

5. Conclusion

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Concluding remarks

- The system of labour-market-policies has only limited room for outsourcing services
- Private providers nevertheless play an important role
- Germany has the biggest market for employment and complementary services in Europe
- The system of basic protection (SGB II) has opened new perspectives for the development of local partnerships
- The Triangle of Active Labour Market Policies may be a new framework to raise potentials for better performance of the system

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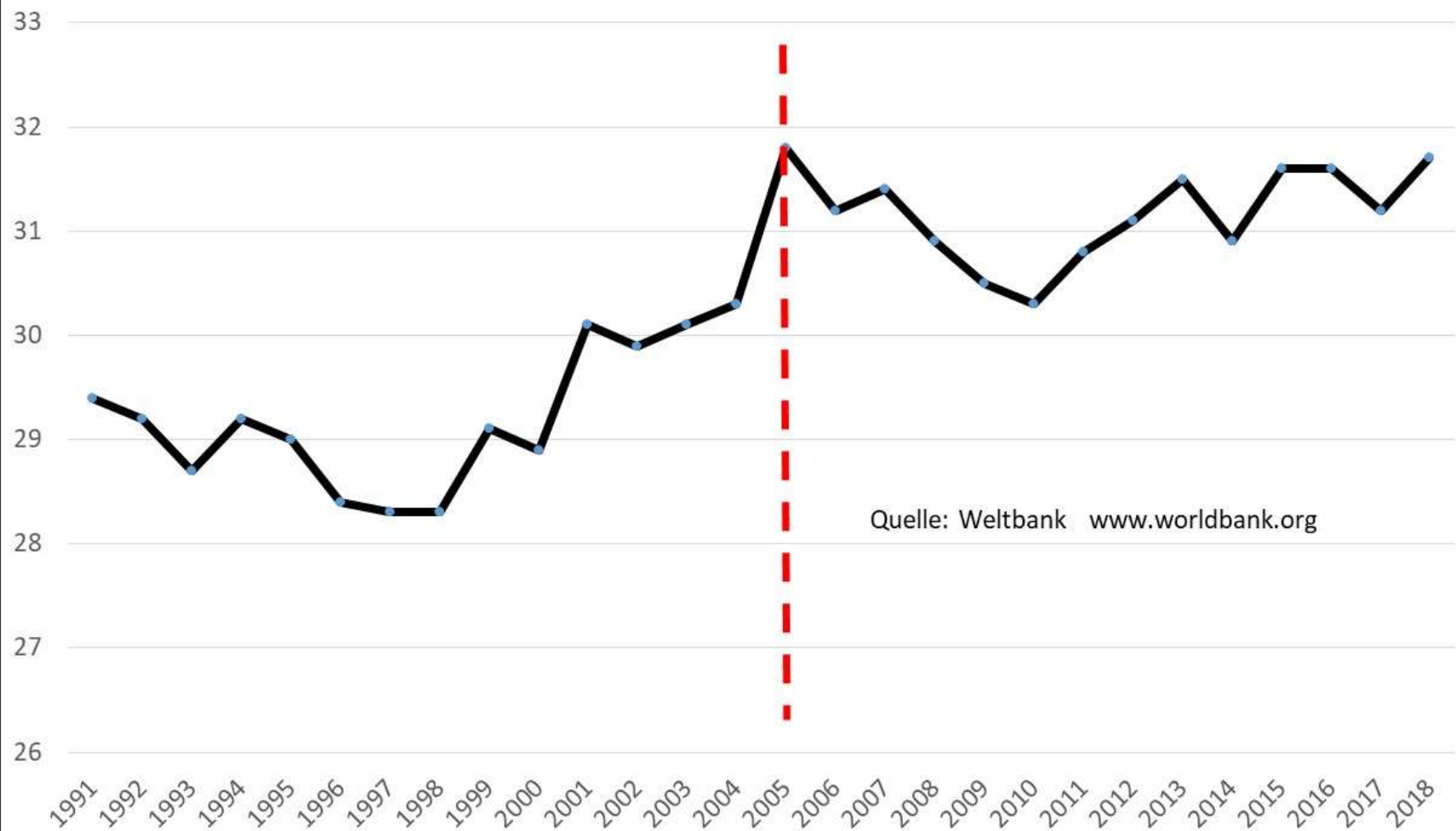
Appendix

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Gini-Koeffizient Einkommen, Deutschland

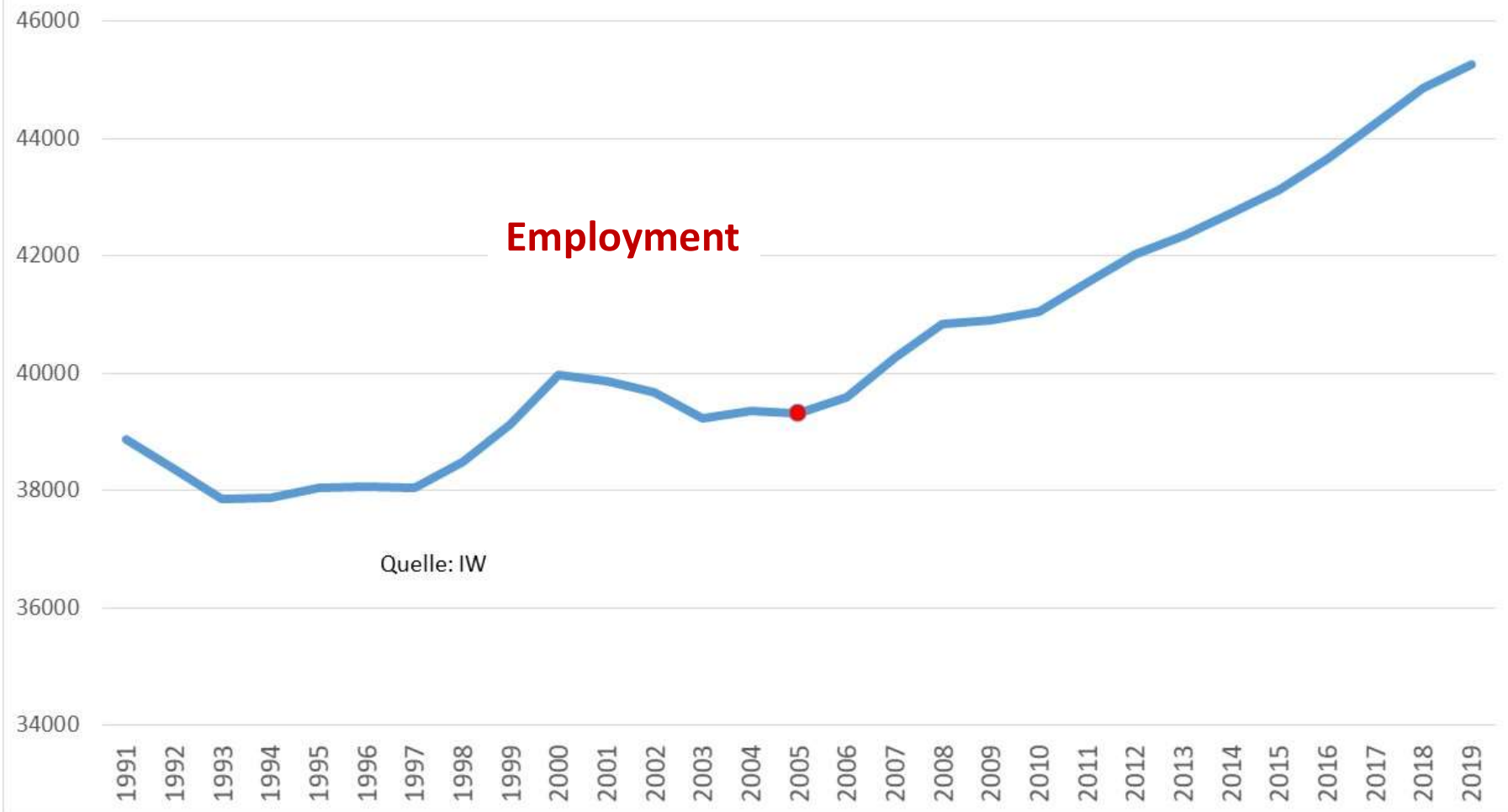


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Entwicklung der Erwerbstätigkeit in Tausend Erwerbstätige

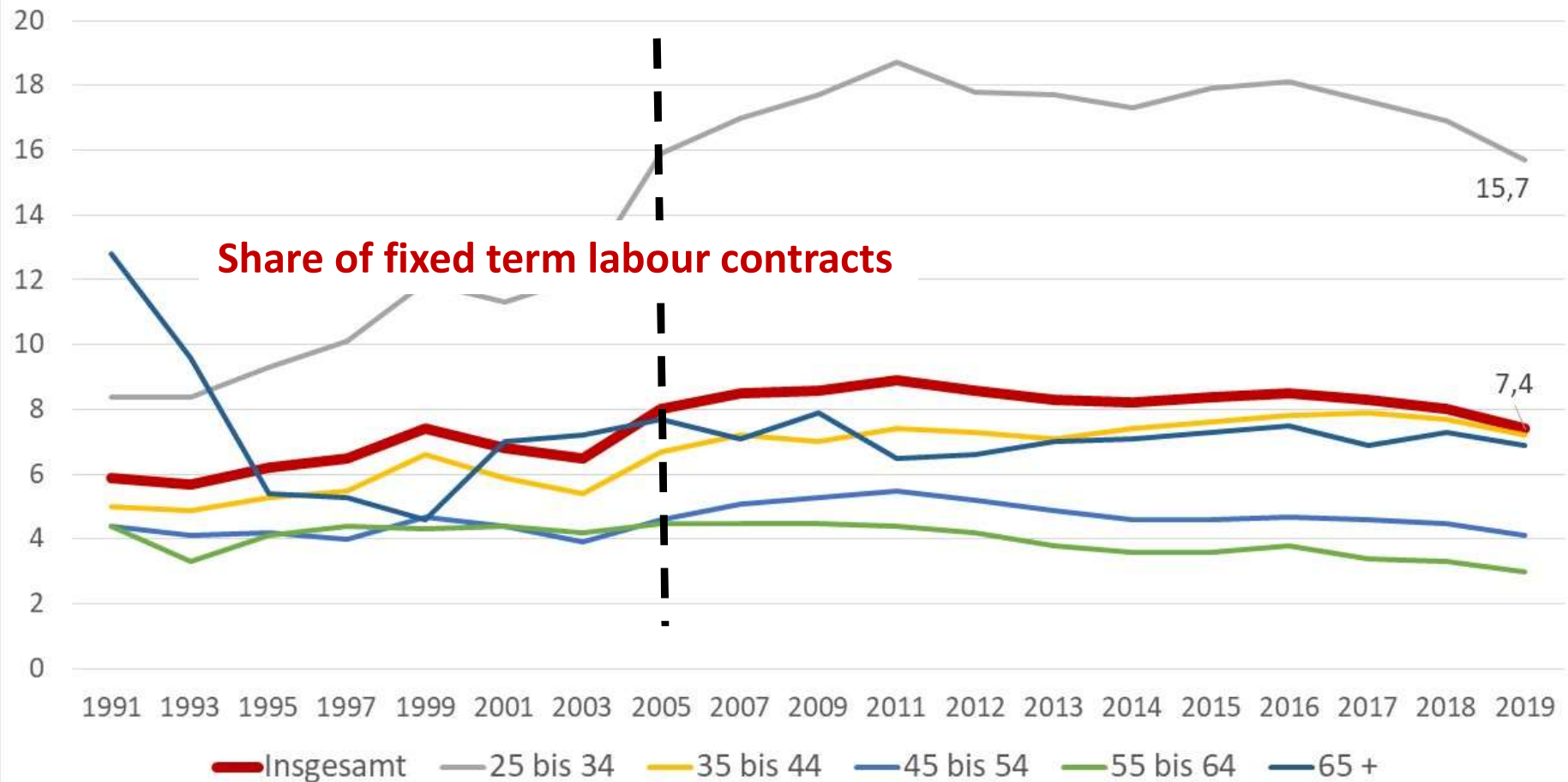


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Entwicklung der Anteile von befristeten Arbeitsverträgen an Arbeitsverhältnissen in Prozent, insgesamt und nach Altersklassen

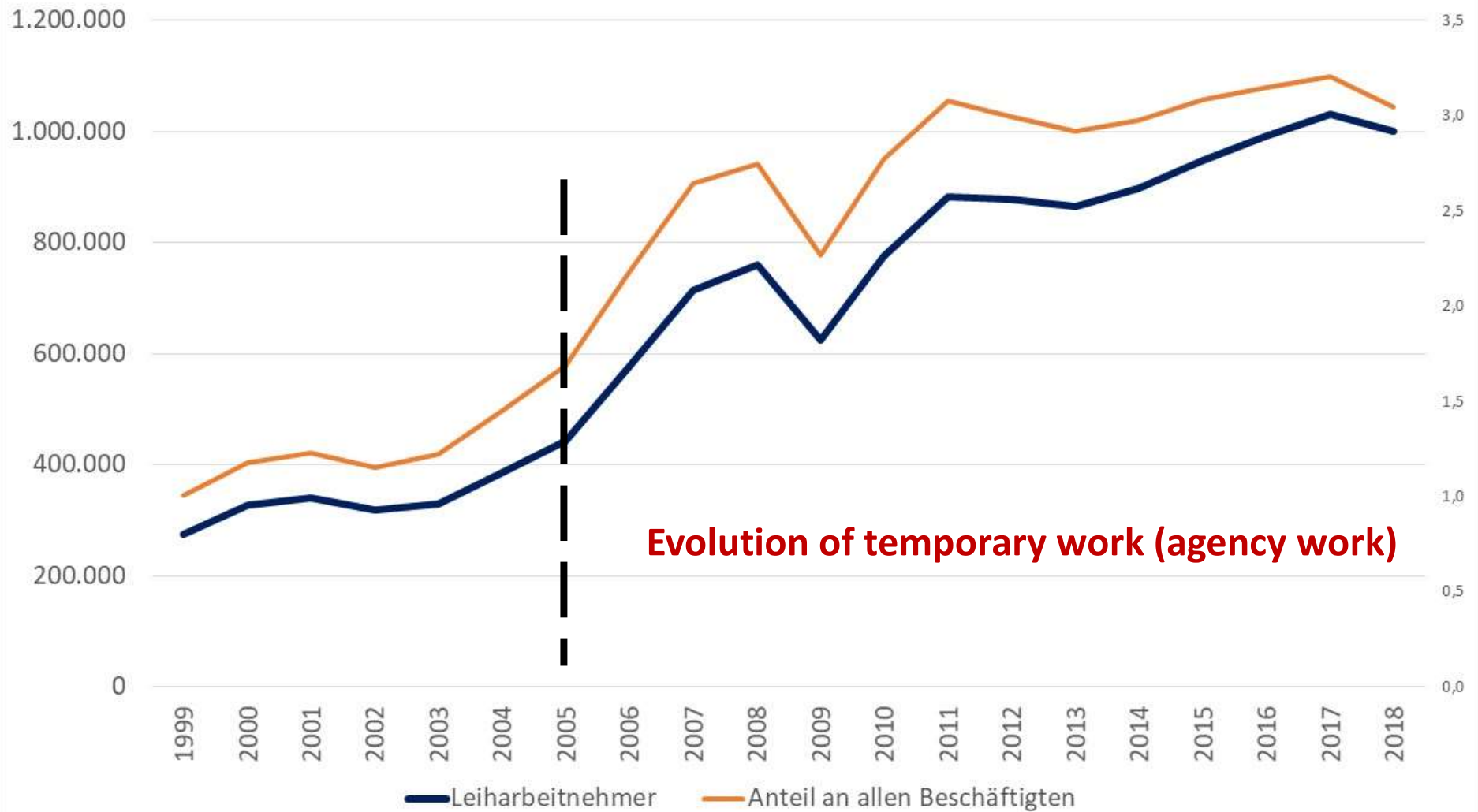


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Beschäftigte in der Arbeitnehmerüberlassung (Leiharbeit), Anteil an alle Sozialversicherungspflichtig Beschäftigten in Prozent (rechte Skala)

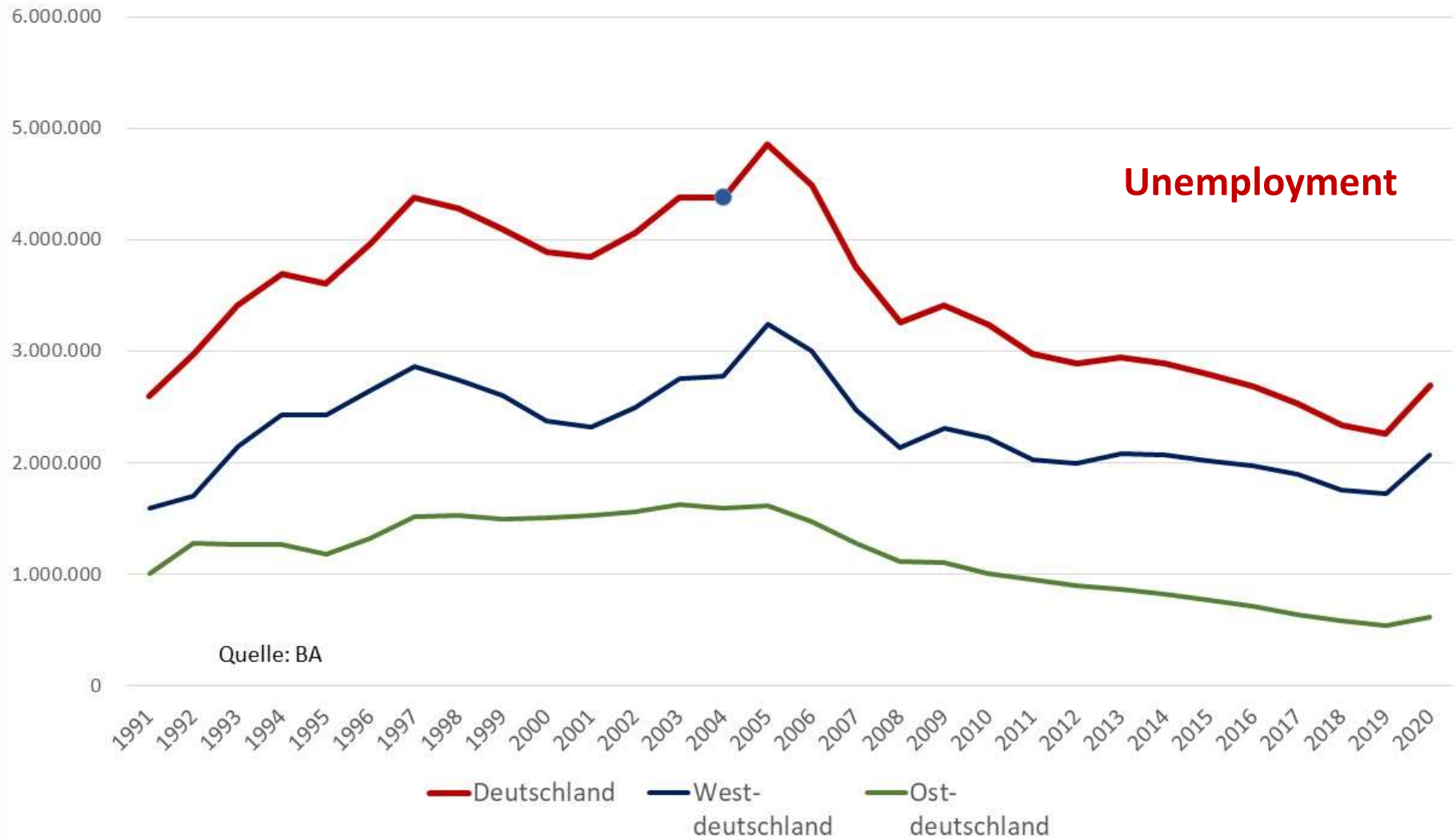


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Arbeitslose in Deutschland

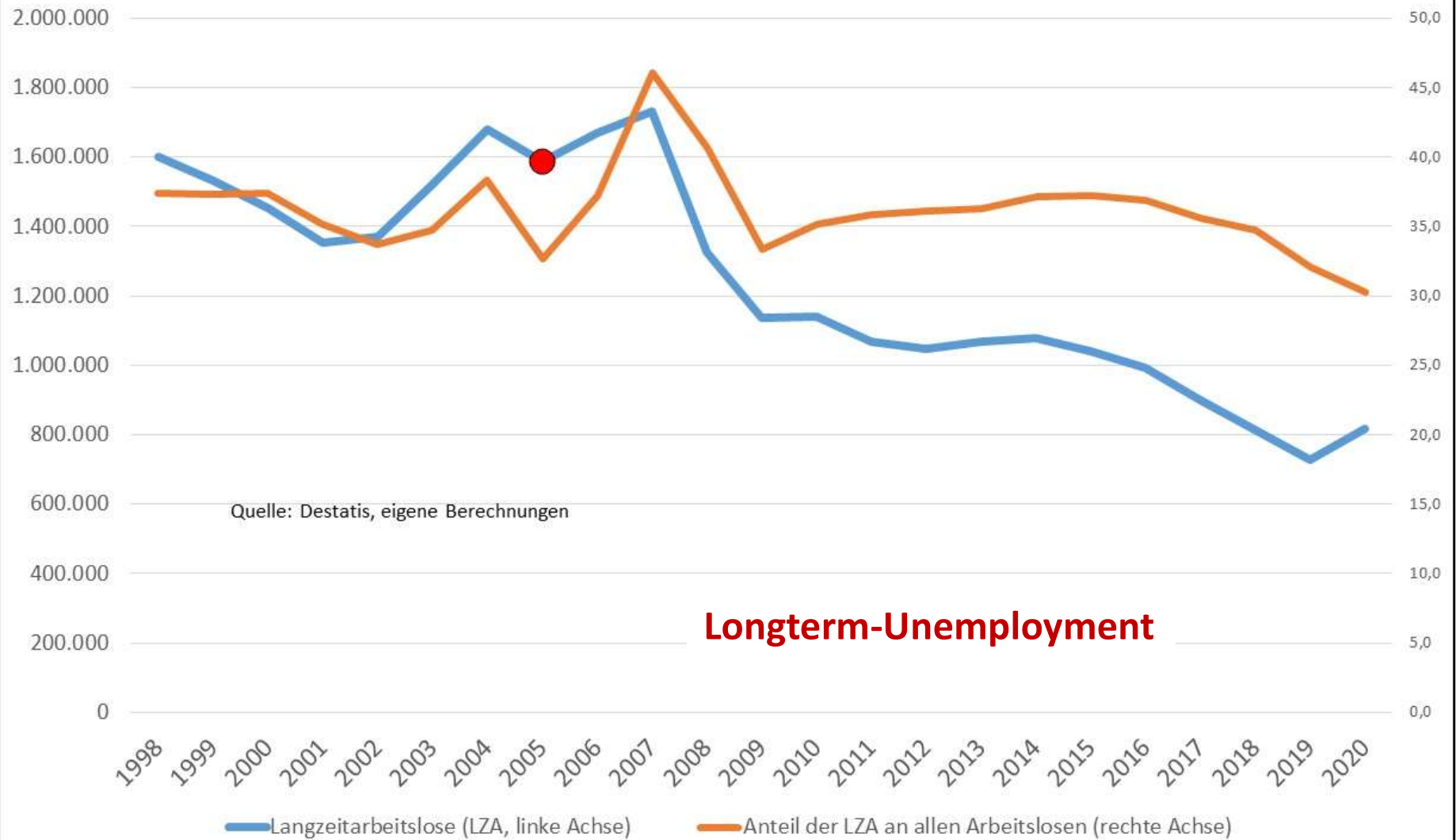


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Entwicklung der Langzeitarbeitslosigkeit

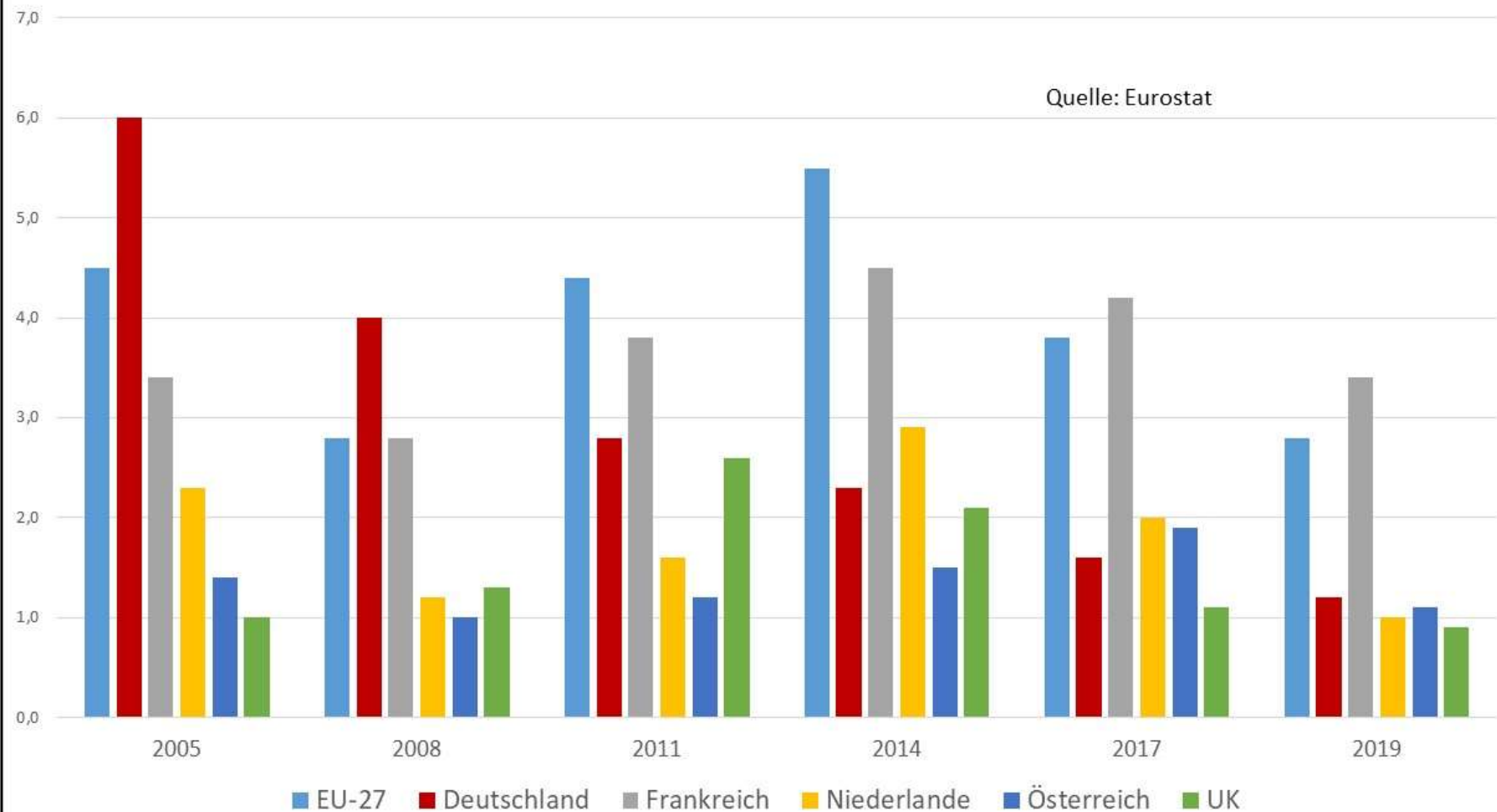


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Langzeitarbeitslosigkeit, Anteil der Langzeitarbeitslosen an der aktiven Bevölkerung 20 - 64 Jahre)

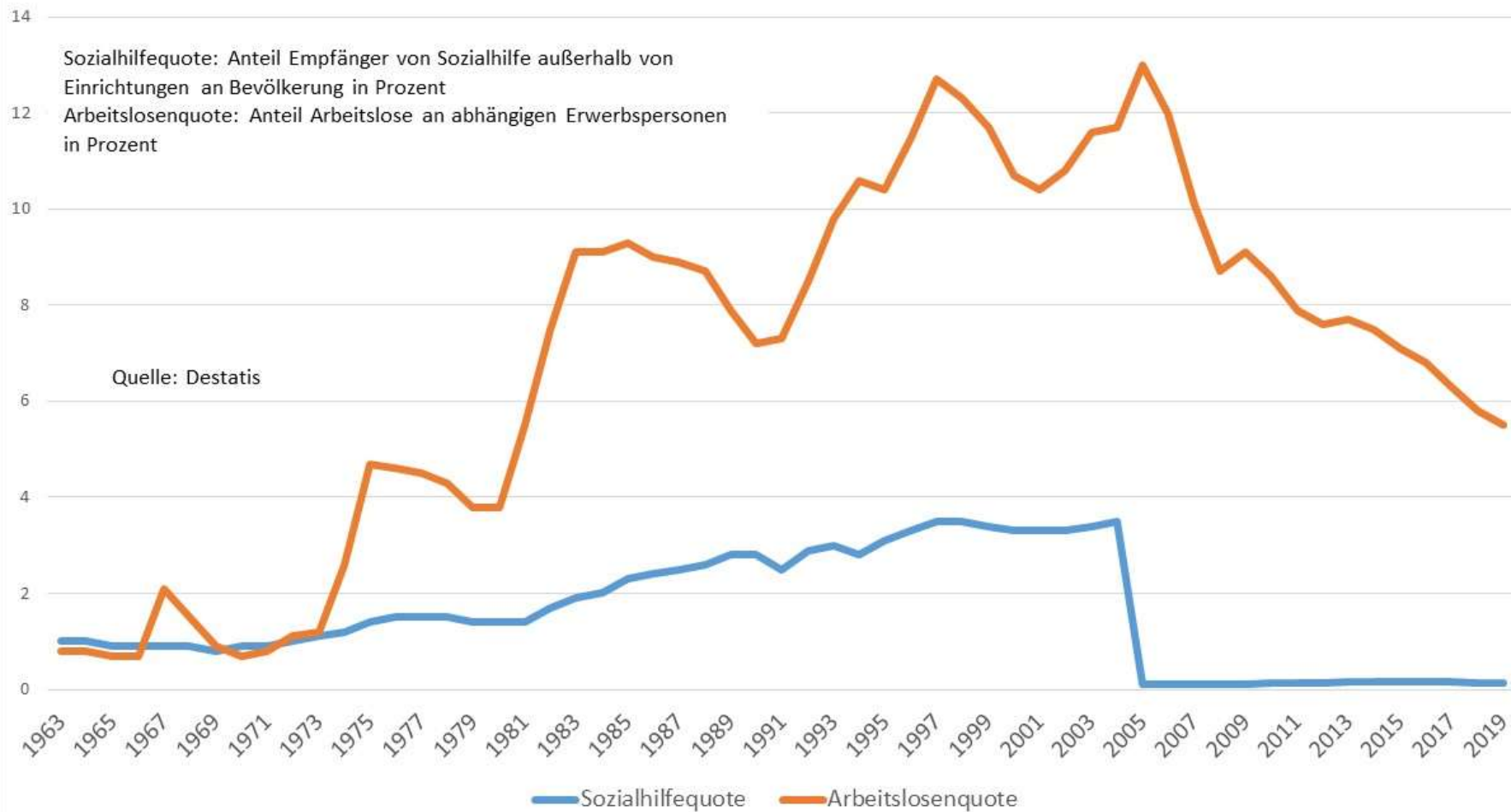


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Entwicklung der Sozialhilfe- und der Arbeitslosenquote 1963-2019



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