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An institutional perspective on intended and unintended consequences

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Understanding Active Labour Market Policies

An institutional perspective on intended and unintended consequences

Het begrijpen van activerend arbeidsmarktbeleid

Een institutioneel perspectief op bedoelde en onbedoelde consequenties

Thesis

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Chapter 1

Intended and unintended consequences of active labour market policies

Introduction

During the 1990s and 2000s, the OECD and the European Commission encouraged the use of active labour market policies (ALMPs) by their member states (J. P. Martin, 2015). Advocates of ALMPs argue that they are better able to (re)integrate people into the labour market and contribute to economic growth compared with passive policies (Morel, Palier, & Palme, 2012). Where ALMPs aim to improve the labour market position of those who are unemployed or at risk of becoming unemployed and aim to improve the functioning of the labour market, passive policies are directed at income transfers such as unemployment benefits (J. P. Martin & Grubb, 2001). However, the effectiveness of ALMPs is a heavily debated topic and differential effects depending on the programme under study are observed (Sianesi, 2008). Moreover, it is argued that ALMPs have adverse effects and potentially function as vehicles for increasing inequality (Brown & Koettl, 2015). For example, some scholars argue that ALMPs are prone to Matthew effects through access biases based on individual characteristics like education level or migrant status (Bonoli, Cantillon, & Van Lancker, 2017). This dissertation contributes to the discussion on the consequences of ALMPs by examining the complex interplay of social and institutional characteristics in relation to such policies.

Several factors are of importance in explaining the effects of ALMPs. The literature suggests that the effectiveness of ALMPs is influenced by other policies such as passive labour market policies. For example, some argue that the replacement rate and the duration of unemployment benefits influence job search behaviour during the unemployment spell and influence the wage setting behaviour of employers and workers, which in turn influences reemployment opportunities of the unemployed (J. P. Martin & Grubb, 2001). This implies that the same type of programme generates different effects depending on the structure of the labour market. Another factor that seems to influence the outcomes of ALMPs is the business cycle (Raaum, Torp, & Zhang, 2002). Critics of activation argue that it only performs well during economic upturns. Central to such arguments is the premise that during periods of economic growth the unemployed can be activated in additional employment slots, whereas during periods of economic downturns the unemployed cannot be activated in new jobs and therefore can only substitute the employed. As a result, the aggregate unemployment rate does not fall (J. P. Martin, 2015). However, empirical evidence shows otherwise. Several countries with developed activation regimes, such as Switzerland and Finland, had better labour market outcomes than was expected compared to previous cyclical patterns. Furthermore, the scope of the study also influences the research outcomes and the conclusions made. Evaluation studies of the impact of ALMPs tend to focus on either the micro- or (aggregate) macro-level. Micro-level studies are generally used to compare the employment opportunities and earnings of participants and

non-participants with similar characteristics. However, micro-level studies are less able to see how these programmes indirectly affect other groups and to investigate the net effects of the activation programmes (de Koning, 2001; J. P. Martin & Grubb, 2001). For instance, micro-level studies on the effects of wage subsidies might conclude that these measures improve the labour market opportunities and outcomes for its participants while macro-level studies might conclude at the same time that the net effects are small or non-existent due to substitution and displacement effects.

To better understand how ALMPs affect the labour market, this study investigates the intended and unintended consequences of ALMPs by focussing on institutional and individual differences. The study of intended and unintended consequences of social action has a long tradition in sociology (Engbersen, 2009). Although a wide variety of theoretical perspectives is used within this tradition, this study utilises an institutional theoretical perspective. The program theory of ALMPs is primarily rooted in economic rational choice theories. The central idea of rational choice theory is that economic cost-benefit analysis is the central mechanism of social behaviour (Green & Fox, 2007). Institutional theory does not deny that (economic) rational behaviour affects decision making but argues that decision making is embedded in multiple layers of social structures (Scott, 2010). To contribute to the understanding of ALMPs specifically and labour market institutions in general, I use an institutional perspective because it provides additional insights in explaining how, when and by whom the intended and unintended consequences of ALMPs manifest themselves. A central research question to this dissertation is: *how can the consequences of ALMPs be explained by institutional and individual differences?*

In the remainder of this introduction, I do the following. First, I provide a brief description of the structural changes that gave rise to modern labour market policies and discuss how these are related to social risks. I describe the concept of the social investment state in further detail and I assess how ALMPs play a role within this framework. I follow this with an overview of the intended and unintended consequences of ALMPs as they are frequently mentioned in the review literature. I then describe the theoretical ideas that play a dominant role in this dissertation, and I end with a summary of the four empirical studies that I conducted.

The post-industrial labour market and a changing risk distribution

Although the effects of post-industrialisation on the labour market are debated, it is generally agreed that globalisation and technological change are important influential factors in the changing structure of the labour market (de Beer, 2001; Dekker & van der

Veen, 2017). When globalisation is discussed in relation to the changing dynamics of the labour market, emphasis is put on the economic dimensions of globalisation and how they increase flexibilisation. Economic globalisation entails the internationalisation of markets leading to increased wage competition between countries. This causes companies to experience more global competition, which puts more pressure on the prices of goods and services. It also increases the fluctuations of supply and demand. For this reason, firms want a flexible supply of labour that can be easily and cheaply adjusted when the need arises (de Lange, Gesthuizen, & Wolbers, 2012). Globalisation is therefore seen as one of the major causes of the flexibilisation of the labour market.

The increased flexibilisation of the labour market is a multidimensional process. Increased contract flexibility is located at the core of this process. Employers increasingly demand flexible labour relations, which increases the use of part-time and zero-hour contracts, temporary employment and contract work known collectively as non-standard employment. Standard employment typically denotes work that is performed full-time, that continues indefinitely and that takes place at the employer's place of business under the direction of the employer. Standard employment was the norm during most of the twentieth century in many industrial societies (Kalleberg, 2000, 2009). Furthermore, non-standard employment is often associated with other forms of flexibility, such as wage and work hour flexibility. For instance, workers with a zero-hour contract have flexible wages and working hours as a consequence of their contract. This implies that the increased use of flexible labour also decreases the social security of employees with non-standard employment contracts. However, how this increased use of flexible labour affects the social risk distribution and if this effect is equal for all labour market participants is debated. It is argued that non-standard employment has two potential consequences. On the one hand, it can serve as a stepping stone towards full employment, usually at the start of a career. On the other hand, it can create a trap in which people get stuck, forcing them to stay in unstable jobs. The latter is associated with people who have a weak labour market position, for instance, those with low or obsolete skills, while the first is associated with highly skilled workers (de Lange et al., 2012). Rueda argues that under the influence of increased flexibilisation a dual labour market emerged in which workers in the primary labour market have permanent contracts and high-quality jobs, yet workers in the secondary labour market have temporary jobs of low quality (2005).

The labour market is also affected by the vast technological changes that have occurred in recent decades. Technological innovations have created entirely new markets and sectors. More jobs were created due to an expansion of economic sectors and new types of jobs emerged as new machinery or software needed to be created and maintained. However, automatization of work processes intended to improve productivity levels caused certain jobs to disappear. Certain types of manual and cognitive labour are now being performed

by robots or computers. As a result, the number of knowledge workers is steadily increasing while the number of jobs in the agricultural and industrial sectors is decreasing (de Beer, 2001). This implies that technological change does not affect everybody in the same manner. One of the ways technological change affects the labour market is known as skill-biased technological change (SBTC). SBTC entails the idea that the demand for highly skilled workers will increase due to technological change and demand for low-skilled workers will decrease as they are no longer needed (Goos & Manning, 2007). However, this view is contested. It is argued that technology replaces routine jobs and cannot replace non-routine jobs. This might explain why certain low-skill jobs are still in demand, but it might also explain why cognitive jobs in the middle segment are disappearing. Middle-segment cognitive jobs such as bookkeeping are highly routinized and can relatively easily be replaced by a computer (Autor, Levy, & Murnane, 2003). The assumption is that people with obsolete skills are forced into long-term unemployment or else to leave the labour market. They do not meet the skill requirements set by employers and therefore cannot re-integrate into the labour market. The middle-skilled unemployed with obsolete skills are forced to accept jobs in the lower segment of the labour market if they are not able to improve their skillset. Competition for low-skilled jobs is intensified and, as a result, it becomes more difficult for people with a weak labour market position to maintain a stable and high-quality career.

The post-industrial labour market is not only characterised by a change in the characteristics of labour demand but is also characterised by a change in labour supply. For example, beginning in the 1970s female labour market participation began to increase significantly (Bonoli, 2007). Although female participation rates differ between countries, a general increase in Western countries continues. The female participation rate increased on average in the original 15 EU member state from 55% in 1990 to 64% in 2005 (Yerkes, 2010). This implies that the standard division of labour of the post-war years is losing ground (Bonoli, 2007). However, great differences still exist between both genders in the number of hours worked. On average, among the 15 original EU member states, 32% of women work part-time compared a 7% of men (Yerkes, 2010).

While increased labour market participation of women should contribute to their social security; this trend is also associated with social risks that involve the reconciliation of work and family life. Women are more involved in domestic work, childcare and the care of a frail relative. When this care is not adequately provided by the market or the state, women more commonly reduce their work hours or exit the labour market completely to provide the necessary care (Bonoli, 2007). This might explain why women work more on a part-time basis than men do. Not only the reduction of working hours but also the stress of combining work and family life may result in the loss of welfare.

Just looking at one socio-demographic factor already suggests that the negative effects of labour market changes are not evenly distributed across the population. Furthermore, more groups than before have a higher risk of labour market exclusion as risks are not exclusively distributed anymore along the lines of social class. It is now far more likely that people will have an atypical career profile and experience more career interruptions. When social security is largely based upon full labour market participation, atypical careers result in reduced social security coverage and thus in loss of welfare for potentially more people (Bonoli, 2005). These processes of societal change result in the emergence of new social risks and consequently produce an ill fit between the institutional framework and social risk. Hence, new ideas are being widely explored toward redesigning the welfare state to be better able to combat these new social risks.

The social investment state and ALMPs

During the 1990s a new welfare state perspective emerged as an alternative to Keynesian and neoliberalism, which was supposedly better able to address post-industrial labour market risks, improve labour market inclusiveness and boost economic growth (Van Kersbergen & Hemerijck, 2012). This reorientation in thinking about the purpose and design of social policies is often denoted by scholars as an emerging perspective not yet fully developed (Hemerijck, 2012). This perspective is referred to in the academic literature under several terms, such as 'the new welfare state' (Esping-Andersen, Gallie, Hemerijck, & Myles, 2002), 'the social investment state' (Morel et al., 2012), 'New Social Risk policies' (Bonoli, 2007) and 'the Third Way' (Giddens, 1998). A parallel discourse emerged in labour market and industrial relations research (Berkel & van der Aa, 2015), where concepts with a similar scope were coined, such as 'flexicurity' (Madsen, 2004; Wilthagen & Tros, 2004) and 'transitional labour markets' (Schmid, 2006). Although there are some differences in scope and emphasis between these concepts, they share enough commonalities to group them under one term (Taylor-Gooby, Gumy, & Otto, 2015). The commonalities are that any welfare state policies emphasise skill formation and personal responsibility, and that they focus on high-risk groups such as low-skilled youth, women, ethnic minorities and elder people with obsolete skills. A key feature of these approaches is that they emphasize the economic productive potential of social policies. In this dissertation, I use the term social investment state to refer to this welfare state perspective.

The social investment state stresses the productive potential of social policies for the overall economy, which goes against common thinking about welfare. Instead of depicting social policies as an economic burden, social investment policies are seen as part of a nation's strategy to improve its competitive position in a globalised and knowledge-based economy. It is argued that social policies can be devised in such a way that they promote

economic growth and improve job creation apart from just offering social and economic protection to individuals (Morel et al., 2012; Taylor-Gooby, 2004; Wilthagen & Tros, 2004). As post-industrial nations transform into knowledge-based economies, they need a more highly skilled and highly educated labour force to sustain economic growth compared to industrial economies. In a knowledge-based economy, unemployment is therefore linked to a lack of skills and education. For this reason, more emphasis is put on training and education policies to up-skill the labour force. Concepts such as human capital investments and lifelong learning are promoted as necessities for obtaining a secure position in an increasingly deregulated and dynamic labour market. Through these measures, it is expected that individuals are better able to adjust to economic fluctuations and rapidly changing skill demands (Jenson & Saint-Martin, 2003, p. 86). Such up-skilling of the labour force not only provides social and economic protection through increased labour market mobility but also ensures that labour demand is met, thus maximising economic productivity (Morel et al., 2012). Furthermore, the optimisation of labour market integration through increased mobility also decreases welfare dependency and contributes to healthy public finances (Hemerijck, 2017a). Social policy is, therefore, depicted as a contributing factor to the competitive position of a country within a globalised and knowledge-based economy, and contributes to the economic and social sustainability of the welfare state.

The social investment state also emphasises individual responsibility instead of collective responsibility in risk and care management (Ellison & Fenger, 2013). The welfare state creates an environment in which individuals are ultimately made responsible for safeguarding their welfare. For this reason, policy instruments are aimed at influencing people to portray "appropriate" behaviour through the use of 'carrots and sticks'. For instance, in-work benefits (carrot) can make work more attractive than staying unemployed and claiming unemployment benefits. Alternatively, threatening to decrease benefit entitlements (stick) is also a way to encourage benefit claimants to accept a job offer (Cantillon & Van Lancker, 2013). Neither type of measure obliges benefit claimants to (re)integrate into the labour market. Instead, an environment is created where behaviour in favour of labour market participation is more beneficial for one's welfare. As a result, welfare is increasingly framed as an individual responsibility because it supposedly follows from individual choices instead of being solely a consequence of circumstances.

To provide more inclusive protection, the focus of social policies has shifted away from targeting the male breadwinner and the industrial worker. Inclusivity puts more focus on societal groups with a weak labour market position (Bonoli, 2007; Wilthagen & Tros, 2004). In the post-war period through the 1970s, dual-parent households and family stability were prevalent. Thus, by securing the income of the male breadwinner, the welfare state was capable of providing welfare to large parts of society. This resulted in the high levels of social cohesion and stability typical of that period. Only when the male breadwinner

died was income transferred to the widow (Bonoli, 2005). In the post-industrial era, this model of welfare organisation is no longer sufficient due to increased wage inequality, family instability and women's entry into the labour market. Because more women extract an income from the labour market, families are less dependent on the income of a male breadwinner. Increasing family instability, i.e. increases in single-parent households and higher divorce rates, make a focus on the male breadwinner less relevant for an optimal distribution of income protection. Additionally, for those at the bottom tiers of the wage distribution, full employment does not mean a poverty-free existence due to increased wage inequality. Because of these socio-economic changes, welfare policies of the post-war period that mainly focused on protecting the income of the male breadwinner offer less protection against post-industrial risks for large parts of society (Bonoli, 2007). The focus has instead shifted towards societal groups with a weak labour market position such as women, youth with low skills and ethnic minorities to optimise welfare distribution.

ALMPs

The social and economic objectives of the social investment state are, in the context of the labour market, predominantly addressed by the implementation of ALMPs. The concept of labour market activation is ambiguous in the academic literature, as multiple conceptualisations exist that rest on different behavioural and ideological underpinnings. The first conceptual ambiguity has to do with the manner of activation. Two approaches are generally depicted. The first emphasises the development of human capital. Examples of this approach are measures such as vocational training programmes and apprenticeships. This approach is usually associated with the welfare states of Nordic countries and especially Sweden and Denmark. The second approach emphasises incentives that move people from social assistance to employment. Benefit conditionality, work incentives and sanctions are measures that fit within this approach. This approach, known as 'workfare', is primarily associated with English-speaking countries (Bonoli, 2012). These two approaches are not necessarily mutually exclusive as they can be used together simultaneously. For example, to stay eligible for unemployment benefits, participation in a training programme might be mandatory. Nevertheless, the first approach is more related to the ideological foundations of the social investment state. For this reason, I focus my research efforts primarily on the theoretical underpinnings of the human capital approach.

A further conceptual ambiguity within the human capital approach is based on the intention of the intervention. Human capital investments can be used with a curative goal, where interventions are used to "cure" joblessness by teaching skills that are currently in demand. Human capital investment can also be used as a preventative measure. Participation in training and education minimises the risk of future unemployment. It promotes sustainable labour market participation by improving the level of employability

or by supporting labour market transitions before forced unemployment occurs (Berkel & Aa, 2015). Nor are these intentions mutually exclusive. For instance, when an unemployed individual participates in a training programme he/she learns new skills that improve the immediate probability of finding employment. But at the same time, these newly learned skills also improve the probability of sustainable labour market integration as one's labour market value has increased. Supposedly, training participation also improves active learning behaviour, which further reduces the future unemployment probability. While participation in a training programme can have both a curative and preventative effect, a preventative strategy is preferred from the social investment state perspective. The social investment state aims to "prepare" individuals against social and economic risks rather than "repair" damage after a risk has come to fruition (Morel et al., 2012). This implies that ALMPs can also target employed people. For example, when people run the risk of becoming unemployed due to organisational restructuring or imminent bankruptcy, they can participate in ALMP programmes to aid them in the transition to another job without becoming unemployed in the first place. In this sense, ALMPs also differ from passive policies as they are aimed at both the employed and unemployed, whereas passive policies, such as unemployment insurance and assistance, are exclusively aimed at the unemployed.

ALMPs are commonly thought to have been developed and implemented from the mid-1990s onwards. However, ALMPs can be traced back to the post-war years. In the 1950s and 1960s, labour market policies were used and seen as supportive elements in economic development. During this period, economic growth increased tremendously under the influence of industrial development. However, both labour shortages and unemployment were an issue, indicating the problem of skill mismatching. To address this problem, training policies were implemented (Bonoli, 2012). Resolving skill-mismatching was not the only goal of labour market policies in that period. Weishaupt (2011) argues that such labour market policies rested on two pillars. The first pillar was aimed at the supply-side, which included increasing the quality of labour supply to avoid bottlenecks in the productive output of the economy, supporting employers with the rationalisation and modernisation of their companies and being better able to exploit new opportunities in new export markets. The second pillar was aimed at the demand-side. Measures such as sheltered employment for disadvantaged social groups belonged to this pillar. These policies are in line with the measures that are closely associated with the social investment state. These labour market policies were not, however, intended to fight mass-unemployment but instead were meant to sustain and support economic growth. The Swedish Rehn-Meidner model is often referred to as the pioneer for ALMPs in the 1950s (Bonoli, 2012; Weishaupt, 2011)

During the 1970s and 1980s, economic circumstances changed due to a series of oil crises. ALMPs that focussed on re-integrating the unemployed into the labour market achieved little success due to decreased demand. In this period public work programmes

emerged. These programmes were primarily aimed at preventing human capital deterioration following from chronic unemployment. ALMPs started to increasingly fulfil the role as an alternative to market employment (Bonoli, 2012). However, a shift occurred in how ALMPs were designed and used between the industrialised countries. Continental Europe used ALMPs to reduce labour supply. Examples include Sweden's public employment programmes and Germany's state-funded programs that allowed the unemployed to stay in training programmes for several years. This period is also characterised by the emergence of neoliberal ideas where the market is described as the optimal distributional mechanism. Unemployment was generally viewed as the result of labour market rigidities that could be lowered by measures such as deregulation, wage decentralisation and tighter benefit regimes. These ideas found fertile ground in English-speaking countries. As a result, the ALMPs of these countries became less encompassing and had a very small training component (Weishaupt, 2011). The difference between workfare and the human capital approach as forms of ALMP came about by the end of the 1980s.

From the mid-1990s, under the influence of new economic and labour market conditions, the orientation and design of ALMPs changed yet again. This period is often referred to as the activation turn. The labour market conditions of most OECD countries improved, and unemployment was mostly the result of an excess of low-skilled workers. Furthermore, the difference between unemployment benefits and the wages of low-skilled workers made it less attractive for them to extract income from the labour market. Working a low-skilled, low-paying job was little better financially than remaining on state-distributed unemployment benefits. The emphasis of ALMPs changed to stronger work incentives and employment assistance (Bonoli, 2012). These policies were aimed at preventing long-term unemployment and increasing the level of inclusiveness of the labour market compared to the policies of previous periods. Measures such as early interventions and individualised case management combined with more benefit conditionality were used to prevent people from becoming unemployed long-term and therefore potentially unemployable. Alongside the activation of the unemployed, those who do not participate in the labour market, i.e. the inactive, were also targeted. The idea was that employment levels should be raised to improve social inclusion and economic prosperity (Weishaupt, 2011).

In this dissertation, I focus on the period from the mid-1990s to the present. During this period, ALMPs were oriented to a greater extent to deal with the consequences of post-industrialisation and to create a more inclusive labour market. As I am examining how ALMPs might affect post-industrial risk distributions, the mid-1990s is a crucial starting point.

Employer involvement

Besides the state, employers themselves play a role in the implementation of ALMPs. Most of the academic and policy debate focused on the supply-side by trying to improve employability by enhancing the skills of people who are unemployed and motivating their job search efforts. In these debates, the demand side is seen as a given (Ingold & Stuart, 2015). As ALMPs tend to focus on groups with a higher risk of long-term unemployment, it is important to note that employers generally see long-term unemployment as potentially problematic. The productive value of the long-term unemployed is questioned due to the long absence from the labour market, which in turn reduces their chances of re-employment. ALMPs thus try to affect the biases generally held by employers (Bonoli, 2014). For ALMPs to be successful employers need be willing to hire the (long-term) unemployed on a subsidised or unsubsidised basis (Bredgaard, 2017). It is therefore important to include the employer as an active participant in theoretical and empirical research on ALMPs.

Furthermore, it is argued that employer involvement and focussing on their demand could contribute to the success of ALMPs. In this way, the unemployed are directed to locations in the labour market with sufficient demand (Van der Aa & van Berkel, 2014). This should prevent the unemployed from being trained in skills that are only useful in declining sectors and that therefore would lock them into an uncertain employment situation. For example, some training programmes in East Germany after unification were not successful due to a misjudgement on the part of caseworkers about the future skills demand (Lechner, Miquel, & Wunsch, 2007). Moreover, it is also argued that employer involvement is essential for the training success of the lesser-educated. Training preferences and learning styles differ on average between the lesser- and higher-educated. The lesser-educated tend to have had more negative experiences with educational activities in the past. Organising their training activities in the workplace might contribute to a higher participation rate compared to external classroom training (Illeris, 2006). Understanding how employer behaviour and involvement affects ALMP programmes could greatly benefit the effectiveness of ALMPs by improved policy design.

However, studies show that employers differ in their likelihood of participating in ALMPs depending on several structural, institutional and moral aspects (Bredgaard & Halkjær, 2016). Two important aspects, according to the empirical literature on ALMPs, are the ways that employers are organised and their political power. Social corporatist organisations of employers have a positive effect on ALMP spending, and membership to such an organisation increases the probability that firms will participate in ALMP programmes (C. J. Martin & Swank, 2004). These organisations have the political power to influence the policy design process and they expose their members to the public debate, which should increase their willingness to participate (Swank & Martin, 2001). Research (Van der Aa & van Berkel, 2014) shows that employers also participate because they see it

as their social responsibility to create a more inclusive labour market. By closing collective labour agreements (CLAs) with unions, employer organisations can also counter certain collective action problems such as free rider behaviour (Swank & Martin, 2001). This prevents employers who do not invest and put effort into training initiatives from poaching employees from those who do. CLAs are also used to promote, for example, the effort and intensity of continuing vocational training on the sectoral and inter-sectoral level next to state-run schemes. However, how widespread CLAs with agreements on ALMP initiatives are differs by country. For example, in the Netherlands and Denmark CLAs that contain training agreements are more widespread in their economies than in Austria or Switzerland (Trampusch & Eichenberger, 2012). ALMP efforts and intensity also vary within countries because sectoral and inter-sectoral differences exist. Only looking at state-level efforts potentially underestimates ALMP efforts and intensities that exist within a country.

Intended and unintended consequences of ALMPs

What the effects of ALMPs are and when these effects manifest themselves is heavily debated. Just like all other types of social action, ALMPs have intended and unintended consequences. According to Merton (1936), intended consequences are always relatively desirable to the actor even though they might seem undesirable from the standpoint of an outside observer. When choosing between several undesirable options, for example, it might not be clear to an outside observer that the other options were more undesirable than the action performed or chosen by the given actor. Merton also argues that unintended consequences are not necessarily undesirable consequences as unintended consequences can also be desirable. Intended and unintended consequences may affect the targeted actor simultaneously or one type of consequence affects the targeted actor while the other type of consequence affects non-targeted actors. How and to what degree these consequences affect target and non-target groups are mediated by various social structures as well as by the position an actor occupies within these structures. Hence, it is worthwhile to not only investigate the target groups of ALMPs but to also include non-target groups into such analyses to see if and how they are affected and in what type of social structures.

Intended consequences

Brown and Koetll (2015) argue that ALMPs try to accomplish multiple objectives, namely increasing labour demand, increasing and enhancing labour supply and improving labour market matching. To increase labour demand, several options are available. ALMPs can be used to retain employment by providing incentives to keep employees at work by compensating shorter working hours or through work-sharing programmes. Wage subsidies

are also used to lower the labour costs for employers with the intention that employers hire more employees. Another strategy to increase demand is to use hiring subsidies to encourage hiring the long-term unemployed or the unemployed from disadvantaged groups. Both strategies primarily use financial measures to influence employer behaviour to increase demand or to keep demand at the same level (especially during a crisis) by trying to influence the inflow to and outflow from the labour market. These measures are also used to keep the labour force attached to the labour market (Ibid). The underlying behavioural assumption is that these financial incentives lead to desired outcomes because they serve the economic self-interest of the employer.

Furthermore, ALMP measures are also used to increase or sustain the level of labour supply. These measures use incentives that motivate people to seek employment or to stay employed. Examples of these measures are financial benefits that make being employed more financially attractive than being unemployed and sanctions that aim to motivate people to intensify their job search behaviour. Thus, ALMPs are also designed to appeal to the economic self-interest of the supply side to stimulate desired behaviour. Another way to affect labour supply is through up-skilling. Measures such as on-the-job or classroom training are used to improve the human capital of the participants. These measures are intended to reduce the outflow from employment to unemployment and improve the inflow from unemployment into employment (Ibid). These ALMP measures are rooted in the assumption that by increasing the labour market value of participants, labour market opportunities for those participants will increase.

Another intent of ALMPs is improving labour market matching. If certain skills are in high demand but not immediately available, human capital-enhancing measures are used. The characteristics of the supply side are altered to match demand. Other measures that are also used to improve labour market matching are job search assistance, employer intermediation services, and counselling and monitoring activities. As labour market matching problems can also be the product of incomplete information on one or both sides of the labour market, ALMPs can also be used to provide information that increases the chance of making a successful match (Ibid).

Table 1: Overview of intended effects and their associated mechanisms

Policy mechanisms	Theoretical mechanisms	Intended Effect
Financial incentives	Economic self-interest (employers)	Increase labour demand
Financial incentives	Economic self-interest (labour force)	Increase labour supply
Skills development	Human capital	Enhance labour supply
Improve information facilities	Information asymmetry	Improve labour market matching

Unintended consequences

It is important to note that the observed intended consequences of ALMPs are not in all cases the result of these measures. A consequence of a social action is only so when it occurs as a direct result of that specific action. When such a consequence manifests without the social action having been performed, it cannot be considered a consequence of that specific action (Merton, 1936). Hence, it possible that the hiring of an unemployed person would also have happened without the presence of a hiring subsidy, or that a person would have participated in a training course even if there were no ALMPs to encourage training participation. This phenomenon is known as a deadweight cost. In the context of ALMP research, deadweight costs are those made to achieve a policy objective that would have occurred even if the policy was absent (Brown & Koettl, 2015).

Two unintended and undesirable consequences of ALMPs that are particularly linked to demand-side measures are the so-called displacement and substitution effects. Both effects are closely related as they are both associated with hiring and wage subsidies. The displacement effect occurs when regular employment is replaced by subsidised employment (J. P. Martin & Grubb, 2001). For instance, firms may choose to fire regular workers and hire subsided workers to perform the same job or may only hire applicants that are eligible for a subsidy instead of applicants who are not. A substitution effect occurs when improved employment opportunities of the target group cause a loss in employment opportunities of non-target groups. Although the outflow from unemployment is increased, the inflow into unemployment is also increased. As a result, the aggregate level of unemployment could go unchanged or could even increase (Ibid). This illustrates the fact that policies that appeal to the economic self-interest of the individual do not always lead to outcomes that contribute to the public good (as is assumed in Adam Smith's concept of the 'invisible hand').

Unintended and undesirable consequences of ALMPs can also occur on the supply side, resulting in consequences such as stigmatisation and the locked-in effect. The locked-in effect refers to the lower likelihood of finding employment that results when participation in (or the prospect of participation in) an ALMP programme causes a decrease in job search intensity (van Ours, 2004). In other words, when people participate in an ALMP programme, they put less effort into searching for a job and are therefore less likely to find a job. Their unemployment duration is then prolonged, further reducing the probability of obtaining employment. Unemployment duration is related to the probability of getting hired because longer periods of unemployment are often associated by employers with lower productivity (Jackman & Layard, 1991). Another potential effect ALMPs could have on participants, which is also linked to the duration of the unemployment spell, is stigmatisation. This effect especially occurs when ALMPs are too tightly targeted at severely disadvantaged groups. Participation in such programmes signals lower productivity to the employer and makes the employer more reluctant to hire these participants (Bonoli & Hinrichs, 2012). Thus, ALMPs can alter job search behaviour and provide information on its participants that is negatively interpreted by potential employers. Both effects reduce the probability of obtaining employment.

Moreover, unintended and undesirable consequences of ALMPs can also occur when programmes seem to be successful. For instance, when programmes are evaluated based on the re-employment rates of its participants, it is likely that the unemployed who are more job-ready are selected for participation instead of those who need it the most. Alternatively, employers might only hire participants with the least distance from the labour market, a phenomenon called cream skimming or creaming. Creaming lowers the effectiveness of the programmes in use because participants do not need the help as much as the target groups. It could also lead to an increase in deadweight costs because participants may have reached the policy objective on their own (Grover, 2009; Van der Aa & van Berkel, 2014). Based on economic self-interest, decisions are made that favour those who need it the least to increase the output from a given programme or to increase the economic output of an employer.

Table 2: Overview of unintended undesirable effects and mechanisms

Policy mechanisms	Theoretical mechanisms	Effects
Reduce labour costs	Economic self-interest	Displacement and substitution
Strict targeting	Information asymmetry	Stigmatisation
Reduced search behaviour	Economic self-interest	Locked-in
Output evaluation/ increase economic output	Economic self-interest	Cream skimming

The literature also describes unintended desirable consequences of ALMPs. One of the goals of ALMPs is strengthening the labour market position of labour market outsiders. Increasing the competition between insiders and outsiders weakens the position of insiders. Based on dual labour market theory, insiders use their position to negotiate higher wages. If their negotiation position is less strong, they are less able to acquire a higher wage. Thus, under the influence of ALMPs labour costs are reduced and employment levels should rise (Calmfors, 1994). Another desirable consequence is the motivational effect that occurs before participation. The prospect of participating in an ALMP programme might also increase job search activities. Participation in ALMP programmes is perceived as sufficiently negative to favour employment over unemployment, as the potential costs do not outweigh the potential benefits. Hence, even without the actual participation in the programme, employment probability is increased (Madsen, 2004). Furthermore, bringing the long-term unemployed into employment through a work programme also increases their labour market opportunities. On average, the retention probability is higher than the firing probability. Even if they are fired when the subsidy ends, their labour market status is changed from long-term unemployed to short-term unemployed, which is perceived as less negative (Brown & Koettl, 2015). During the period of subsidised employment, the employer also gains more information on the subsidised worker. This diminishes the information asymmetry between the ALMP programme participant and the employer. The ALMP programme participant has a better chance to show the employer his or her worth without being hindered (or hindered to a lesser degree) by the stigma of long-term unemployment (Carling & Richardson, 2004).

Table 3: Overview of unintended desirable effects and mechanisms

Policy mechanisms	Theoretical mechanisms	Effects
Lower wages	Labour market competition	Increased demand
Mandatory participation	Economic self-interest	Increased search behaviour
Subsidised labour market participation	Information asymmetry	Improved labour market signal of long-term unemployed
Subsidised labour market participation	Information asymmetry	Improved screening of long-term unemployed

Institutional structures and the labour market

To improve our understanding of the intended and unintended consequences of active labour market policies, an institutional theoretical perspective is useful. The basic premise of an institutional theory perspective is that social life is embedded in institutional structures (Djelic, 2010). Institutions are defined as "social structures that have attained a high degree of resilience [and are] composed of cultural-cognitive, normative and regulative elements

that, together with associated activities and resources, provide stability and meaning to social life" (Scott, 2008, p. 48). These elements influence social behaviour in different manners. The regulative features consist of informal and formal rules that primarily rely on external coercion to structure social behaviour. It is assumed that social actors comply with these rules to obtain rewards or avoid punishment. Social behaviour is also structured through internalised norms. These norms convey what behaviour is appropriate and what obligations one has to others. Institutions also consist of cultural-cognitive elements that refer to shared meanings and symbolic systems. These cultural schemas support collective social action by providing mutual understanding and shared cognitive frameworks (Scott & Davis, 2016). The distinction between these elements is an analytic one as all three are present in institutions, although the substance and volume of the individual elements in a particular institution may vary over time and place. It has to be noted that these structures influence but do not fully determine human behaviour and, at the same time, that these structures are produced by human behaviour (Djelic, 2010). Thus, institutions are a property and a process at the same time (Zucker, 1977). Both characteristics are studied in the field of institutional research. Studying the property characteristics entails the comparison between various forms of the same institution in relation to characteristics of interest, while the process characteristics of institutions are studied by examining the emergence and change of institutions (Scott, 2010). In this dissertation, I put the focus on the property characteristic and not on the process characteristic.

Following the institutional perspective, the labour market is a constellation of institutions. Along with ALMPs, labour market institutions include employment protection legislation, unemployment benefits and labour taxes and wage setting, to name a few. It is argued that how these institutions are configured and organised in relation to one other should not be arbitrary, since institutions can be complementary to other institutions. Institutional complementarity entails the notion that one institution remedies the deficiencies of other institutions. A higher return is produced because the negative effects on a specific characteristic or outcome of one institution are countered by other institutions. To be complementary, institutions tend to differ enough from one other so as to function as an addition but are similar enough that they function together (Crouch, 2010). Institutional complementarity does not imply that there is "one best way" to organise and design a system, as several fruitful combinations of institutions and their configurations can exist. However, it does counter the idea that institutions and their configurations can be arbitrarily put together and still produce optimal outcomes (Amable, 2016).

In relation to labour market organisation and design, scholars have proposed several archetypes that ought to be economically productive and sustainable. For example, Hall and Soskice (2001) propose two theoretical models that are designed based on two different logics, namely the liberal market economy (LME) and the coordinated market

economy (CME). The LME is designed on principles of flexibility and the market, and the CME is organised around the principles of coordination and sustainable relationships. As a result, labour markets in LMEs have low levels of employment protection and wage setting often occurs at the firm level, while labour markets in CMEs have high levels of employment protection and wage setting generally occurs at the sector or national level. These logics guide decision making processes within each system. For instance, the latter model protects the employees from random dismissal. This allows them to invest in firm-specific human capital as they have more certainty to stay employed by the same employer. As firm-specific human capital is of lesser value to other employers, investing in this type of human capital is, therefore, a riskier endeavour in a labour market with less employment protection. On the other hand, collective wage bargaining protects the employer from free-rider behaviour by other employers in the form of poaching. This provides an incentive for employers to invest in their employees without the risk that other employers poach the employee after the investment is made. Both institutional configurations support the long-term sustainability of the relationship between employer and employee and the economic value that comes from it for both parties. The LME model makes it easier for employers to fire employees and agree to a wage based on market value, which makes it easier to adjust to market demands and cheaper to allocate labour where it is needed in the economy. It is not surprising that activation programmes that rely on workfare principles are associated with LMEs, while activation programmes that focus on human capital development are more prominent in CMEs.

However, even when multiple structures are present to guide people in a certain direction it does not automatically mean that everybody is affected in the same manner and with the same intensity. Agency also plays a role in the creation of institutional effects. Besides being structures that limit individual actions, institutions also influence the identity formation, interests and preferences of actors. In defining social situations, institutions not only define the rules but also the identity of actors within these social situations (Jackson, 2010). For example, a work programme might include mandatory participation for anyone who is unemployed longer than twelve months. Those who participate identify themselves and are identified by other actors, such as employers and public servants, as participants of that specific work programme. This identity might improve or worsen their position in the labour market according to the interpretation and evaluation of such an identity by the other actors. However, institutions are often ambiguous, and interpretations might differ between actors, geographical locations or across time. This implies that various groups within the same labour market interpret and react differently to the same institution. Not only are interpretations of exogenous elements, but within any social situation, the identities, interests and resources of social groups are a part of the interpretation process (Ibid.). Thus, to better understand how intended and unintended consequences of ALMPs

come to be one also needs to look at the position and behaviour of varying groups within different ALMP structures.

Research outline

This dissertation is based on four studies that I conducted to examine the intended and unintended consequences of ALMPs. The first study focusses on how the relationship between ALMPs and long-term unemployment is moderated by welfare generosity and employment protection legislation (EPL). The majority of studies that investigate how ALMPs affect the labour market focus on the main effects, however, institutional theory considers the way that institutions are influenced by other institutions, which makes them (or their specific configurations) complementary or discomplimentary to one other. Researchers should therefore focus on the moderated effects rather than the main effects. I selected welfare generosity and EPL in order to incorporate both demand and supply into my analytical framework. Welfare generosity is linked to labour supply as it is said to influence job search behaviour and wage setting. EPL is thought to influence labour demand and supply as it is argued that EPL strictness influences hiring behaviour of employers and the decisions concerning human capital investments. This study contributes to the ALMP literature as it goes beyond the study of main effects but takes into account the fact that institutions are influenced by other institutions, and further it includes the demand side of the labour market to address the fact that other research primarily focusses on the supply side, perceiving the demand side as a given. This study uses longitudinal data on European countries from 1995 to 2012.

The second study builds on the first. Where the first study investigates potential complementarities and discomplementarities in general, the second study investigates variations within complementarities and discomplementarities. Others have shown that the effect of labour market institutions depends on the level of economic growth. This implies that the level of complementarity between institutions varies depending on external factors such as the economic climate. How ALMPs affect the labour market is not only impacted by other labour market institutions since a market's economic environment plays a meaningful role in the manner in which complementarities are formed. This study investigates how training and employment programmes are affected by EPL depending on the economic environment. Just like in the first study, a contribution is made by focussing on the moderated effects instead of the main effects. However, this study takes a step further by investigating if and how these moderated effects are influenced by the economic environment. Moreover, this study takes into account the varying effects of the instruments of ALMPs. By differentiating between ALMP instruments instead of studying all instruments together, another contribution is made as most studies that investigate

macro-level patterns do not differentiate between the instruments of ALMP. This second study is based on original analyses of longitudinal macro-level data on European countries from 1996 to 2012.

The first two studies focus only on the macro-level and thereby exclude detailed information on the micro-level. The third study links the macro-level and the micro-level together to investigate how education is related to unemployment, and how this differs depending on training programme and hiring subsidy effort on the macro-level. These programmes are underpinned with theoretical insights from human capital theory and signalling theory to produce intended effects, such as a decreased risk of unemployment for people with a weak labour market position. Both theories do not account for the social context of labour market dynamics. Therefore, I use job competition theory that emphasises that labour market opportunities are always relative to those of others. I also use cumulative (dis)advantage theory that emphasises that access to and the intention to use certain resources is not equally distributed, which might causes inequalities to increase. Thus, by adding insights from job competition theory and cumulative (dis)advantage theory, I consider whether training programmes and hiring subsidies are associated with Matthew effects or reduced substitution of the lesser educated. This study uses cross-sectional data on 19 countries and 18,172 observations.

While the first three studies focus on socioeconomic effects of ALMPs, the fourth study takes into account the cultural dimensions of ALMPs. I investigate how ALMP training programmes affect participants' disposition to learn based on their educational level and the educational level of their father and mother. Most studies focus on the economic dimension of training participation as these studies are theoretically grounded in human capital theory. From the perspective of institutional theory, the cultural aspects of training behaviour are under-researched. Research shows that even if the lower educated gain an economic advantage by participating in a training programme they remain unmotivated to do so. It is therefore argued that the lower educated experience higher internal barriers than the higher educated. Institutional theory emphasises that these dispositions are not randomly distributed across society but are the products of socialisation processes during one's life. How these socialisation processes take form depends, among other things, on one's position within a given society. However, different societies have varying institutional structures, which implies that comparable individuals are differently socialised. Thus, this study contributes to the ALMP literature by including an institutional cultural perspective on the effects of training policies. Furthermore, this study combines macro and microdata, such that more insight is created on how macro-level structures influence the dispositional distributions at the micro-level. This study uses cross-sectional data on 19 European countries and around 64,150 observations.

Chapter 2

Active labour market policies and institutional complementarity

This chapter is co-authored by Ferry Koster and Romke van der Veen. A different version of this paper is currently being revised and resubmitted to the international peer-reviewed journal: Journal of Social Policy.

Chapter 3

Contextualising institutional complementarities

This chapter is co-authored by Ferry Koster and Romke van der Veen. A slightly different version of this paper is published as: Benda, L., Koster, F., & Van der Veen, R.J. (2018). Contextualising institutional complementarity. How long-term unemployment depends on active labour market policies, employment protection legislation and the economic climate. *International Journal of Social Welfare*, Vol 27(3), 258-269.

Introduction

This study looks at how employment protection legislation (EPL) strictness influences the effectiveness of active labour market policies (ALMPs) in combatting long-term unemployment. ALMPs are 'a range of public programmes aimed at increasing employment, enabling people to move into jobs and achieving a better match between labour supply and demand' (Clasen, Clegg, & Goerne, 2016, p. 22). Although ALMPs are promoted as effective measures for decreasing long-term unemployment, they are also criticised for increasing long-term unemployment (Madsen, 2004). Empirical research does not provide a clear-cut answer on how these measures affect long-term unemployment because empirical research outcomes have been contradictory (Dahl & Lorentzen, 2005). Two reasons come to mind that could explain these contradictions. One possible reason for contradictory results is that ALMPs are studied within different institutional structures. How institutions function is partly influenced by the institutional structure of which they are a part (Hall & Soskice, 2001). Hence, there may be other factors affecting the outcomes of ALMPs. Within the 'new welfare state' framework, activation is a central pillar and is often combined with measures that facilitate labour market flexibility (Ellison & Fenger, 2013). One measure often recommended for increasing labour market flexibility is to reduce EPL strictness. EPL refers to different policies and laws that are devised to protect employees against arbitrary dismissal and to reduce costs associated with job loss (Ochel, 2005). By making employment protection less strict, the adjustment costs for employers are reduced (Holmlund, 2014), which should make companies more competitive in a globalised market.

The theoretical construct of institutional complementarity may help to theorise how employment protection legislation affects ALMPs in combatting long-term unemployment. Institutional complementarity is the idea that the presence of specific configuration of one institution increases the returns of other institutions (Hall & Soskice, 2001). In this study, returns refer to the lowering of the LTU rate within a given labour market. Institutions are organised together in such a way that they remedy the deficiencies of each other. As a result, the negative effects of one institution are countered by other institutions, thereby producing a higher return. Although institutional complementarity involves differences between institutions so that they complement each other, it also involves some degree of similarity between institutions so that they fit properly together (Crouch, 2010). ALMPs and low employment protection are similarly aimed at increasing the probability of a successful match between labour supply and demand, and both improve labour allocation. However, they are different in that low employment protection is directed at the demand side of the labour market and ALMPs at the supply side. Hence, ALMPs and reduced employment protection can be conceived as potentially complementary in combatting long-term unemployment.

The output of the institutional structure of the labour market is also affected by external influences, including changes in the economic environment (Simmie & Martin, 2010). As the economic environment changes, one institution might produce an alternate incentive due to, for example, a changed risk position. Bernal-Verdugo, Furceri and Guillaume (2012) have studied the effects of labour market policy on unemployment in times of economic crisis and have shown that more flexible labour markets initially tend to react stronger to financial crises but recover more quickly. Rigid labour markets tend to be less affected by financial crises, but the negative effects last longer. This suggests that the degree of complementarity between institutions within the same configuration varies between economic periods. To my knowledge, there is a lack of research that would shed light on the changing degrees of institutional complementarity between two institutions that is induced by the economic environment of the institutions in question

In summary, this study had two aims. The first was to identify which mechanisms associated with ALMPs are influenced by low employment protection. The second was to determine how different levels of economic growth might influence the effects of the interaction between these two institutions. On a more abstract level, I argue that to better understand the dynamics of institutions it is important to include other institutions in the analytical framework. Because single institutions are usually part of a larger institutional framework, they work simultaneously and thereby influence each other's outcomes. Studying institutions as single entities may therefore be less fruitful or inaccurate. Excluding the external environment of the institution from the analytical framework may also produce less insightful results. When institutional structures stay the same but the circumstances change, it is plausible that agents within these institutional structures start to behave differently. This change in behaviour produces different results and might explain why contradictory results have been found.

Generating such insights is also valuable from a policy perspective. Since 2007, the European Commission has encouraged its member states to develop labour market policies based on the idea of flexicurity. This concept emphasises the potential of institutional complementarity between flexibility and security measures, like ALMPs (Heyes, 2011). Hence, providing more insight into the interplay between these policy measures is beneficial for policymakers. Moreover, the financial crisis showed that certain labour markets are more resilient to economic disruptions than others (Fenger, Koster, & van der Veen, 2014). It is, therefore, worthwhile to investigate how policy mechanisms work together during economic upturns and downturns in order to formulate more effective labour market policies.

This background led us to the following research question: How does economic growth affect the level of institutional complementarity between less strict employment protections and ALMPs in reducing long-term unemployment? To investigate the level of institutional

complementarity between low employment protection legislation and ALMPs in relation to long-term unemployment, I used panel data on 22 European countries from 1995 to 2012. In this way, I was able to include changing economic growth levels into the analysis.

This chapter is structured as follows. I first discuss the theoretical framework, then I describe the methodology and present my results. I conclude by answering the research question and discussing the findings.

Active labour market policies and long-term unemployment

Due to human capital loss during a period of unemployment, those who are unemployed long-term become less employable. Human capital refers to 'knowledge, skills, and abilities that have economic value to the firm' (Lepak & Snell, 2002, p. 519). An additional factor that lowers (re)employability is the negative psychological effect caused by rejection and stigmatisation by employers. The aim of ALMP is to reduce long-term unemployment by improving (re)employability (Strandh & Nordlund, 2008).

Two forms of ALMP programmes can be distinguished, namely employment programmes and training programmes (Dahl & Lorentzen, 2005; Strandh & Nordlund, 2008). Training programmes aim to increase the human capital of the long-term unemployed. The long-term unemployed often possess low or obsolete skills that prevent them from obtaining employment. Training policies attempt to optimise the matching process between the long-term unemployed and employers through upskilling. Furthermore, training policies used to lower psychological barriers to returning to work (Gilbert & Besharov, 2011), which are often the result of negative experiences during the period of unemployment (Proudfoot, Guest, Carson, Dunn, & Gray, 1997).

Another way to improve (re)employability of the long-term unemployed is through employment programmes. These programmes aim to increase the availability of work and provide opportunities for the long-term unemployed to gain work experience. Examples of such programmes are hiring and job subsidies for the private sector, the creation of new jobs in the public sector and financial support for start-ups of new businesses (Rovny, 2014, pp. 299–300). The latter type not only reduces the long-term unemployment rate through people leaving unemployment as entrepreneurs but also increases the demand for labour if these businesses are successful. Along with human capital accumulation, employment programmes also help the long-term unemployed increase their social capital. Through these programmes, they have an opportunity to establish new networks and contacts, which may help them to obtain employment in the future (Strandh & Nordlund, 2008).

Both types of ALMP programmes aim to improve the labour market position of the long-term unemployed. However, both programme types do so in different ways, and

may therefore produce different results. For instance, employment programmes facilitate human capital accumulation through actual work, whereas training programmes provide human capital accumulation in an artificial environment. Human capital accumulation through work might be evaluated more positively by employers. When hiring, employers use signals on a resume that indicate occupation-specific human capital. By using these signals, employers try to hire candidates who have shorter adjustment periods and lower training costs (Humburg & van der Velden, 2015). The adjustment period and training costs are assumed to be lower for those who participated in work programmes as they already have relevant work experience. Employers may, therefore, evaluate participants in work programmes more positively than participants in training programmes.

However, ALMPs are criticised for decreasing the likelihood of obtaining employment since employers may perceive hiring an ALMP participant to be riskier. It has been argued that ALMPs create a so-called lock-in effect. This effect occurs while the long-term unemployed are participating in activation programmes. During the period of their participation, job search activities of the long-term unemployed are reduced, which makes obtaining new employment less likely and which increases the length of the unemployment spell (Madsen, 2004, p. 197). This increased duration of unemployment could become a vicious circle. Employers see long periods of unemployment on a resume as a negative signal indicating low productivity and poor motivation (Blanchard & Diamond, 1994). As hiring decisions are associated with a great deal of uncertainty, employers use the unemployment duration as a screening tool in an attempt to reduce uncertainty (Bonoli, 2014). Furthermore, it has been argued that participation in ALMP programmes is associated with possessing less desirable characteristics due to negative selection. Successful re-entry into the labour market could be reduced if hiring decisions are negatively influenced by this stigma (Solga, 2014). Some argue that the perceived risk of hiring the long-term unemployed increases due to a prolonged unemployment duration and stigmatisation, both caused by ALMP programme participation.

Less-strict employment protection as a complementary institutional configuration

The arguments provided above lead to a number of hypotheses about how less strict employment protection is complementary to ALMP. Because the notion of institutional complementarity implies that the effect of one institution is influenced by other institutions, I have refrained from formulating hypotheses on the main effect of ALMPs on long-term unemployment. Instead, I focus on how the relation between ALMPs and long-term unemployment depends on employment protection legislation (EPL) and on how the

economic environment influences the labour market outcomes induced by the interaction between ALMPs and EPL.

Less-strict EPL may counter the effect of a prolonged unemployment duration resulting from a lock-in effect and stigmatisation. EPL influences the adjustment costs an employer has to make in order to effectively adapt to market fluctuations. The height of these adjustment costs is, among other things, influenced by the firing costs an employer has to make. EPL measures like mandated severance pay influence high firing costs in a direct manner. But EPL also indirectly affects firing costs via procedural costs or induced wage hikes. Thus, EPL also influences the hiring of new employees. With strict employment protection, employers are less eager to hire new staff to avoid potentially high future firing costs (Avdagic, 2015, pp. 7–9). While it is easier to fire employees within a labour market with less strict EPL, the average duration of unemployment in such a market should be shorter. By reducing the financial risk of hiring new employees, employers are more willing to hire new staff. As a consequence, labour demand is increased and the outflow from unemployment is therefore increased. This improves the likelihood of labour market reintegration for unemployed persons with a weak labour market position. Hence, it is argued that low employment protection leads to a lower long-term unemployment rate.

By reducing the adjustment costs, the consequences of a prolonged unemployment period caused by the lock-in effect and stigmatisation may be minimised. A relatively long absence from the labour market adds to the perceived risk of hiring the long-term unemployed (Blanchard & Diamond, 1994; Jackman & Layard, 1991; Kroft, Lange, Notowidigdo, & Katz, 2015). Even when the long-term unemployed increase their human capital, it may not be enough for employers to hire them. The stigma associated with longer periods of unemployment and ALMP programme participation still may influence hiring decisions. Even though their labour market position is improved compared with their position prior to ALMP programme participation, this still results in a non-hiring decision. When employment protection is less strict, the financial risk of hiring the long-term unemployed is also reduced. As a result, hiring an ALMP programme participant is less risky in a labour market with less strict EPL than in a labour market with strict EPL. It is therefore expected that ALMPs are associated with lower long-term unemployment within labour markets with less strict employment protection legislation compared to those with strict EPL. Therefore, I hypothesise that *EPL positively moderates the relationship between LTU and training programmes (H1a), and between LTU and employment programmes (H1b)*[3].

3 From a policy perspective, a statistically positive relationship between ALMP and long-term unemployment is perceived as negative. When ALMP and long-term unemployment are statistically positively related, more ALMP effort is related to more long-term unemployment. Thus, when the relationships become statistically speaking more positive, it is viewed from the policy perspective as a negative outcome.

Institutional complementarity during economic upturns and downturns

One can expect the moderation effects to be stronger in times of economic downturn. The financial risk of hiring new staff during an economic downturn is higher due to increased uncertainty over future employment trends (Schettkat, 1996). Due to this increased financial risk, employers may be more reluctant to hire the long-term unemployed. However, this risk is still lower in labour markets with less strict EPL due to lower adjustment costs. Moreover, the competition for employment is fiercer during an economic downturn. Consequently, the risk of long-term unemployment is also higher for the unemployed who have a relatively strong labour market position. People with stronger labour market positions (e.g., better qualifications, more experiences, etc.) are also eligible for ALMP programmes. As a result, the quality of labour supply from ALMPs is higher in economic downturns than in upturns. ALMPs are intended to prevent people with a relatively strong labour market position from becoming unemployed long-term and potentially unemployable due to an economic downturn. Even though the quality of the labour supply is higher, hiring during an economic downturn is still riskier in a labour market with strict EPL. Thus, ALMP programmes are less effective in combatting LTU during economic downturns in labour markets with strict EPL.

Furthermore, during economic upturns, employers need more labour to keep up with consumer demand (Greer, 1984). Economic growth is often portrayed as a strong determinant in lowering the unemployment rate (van Ours, 2015). This implies that labour

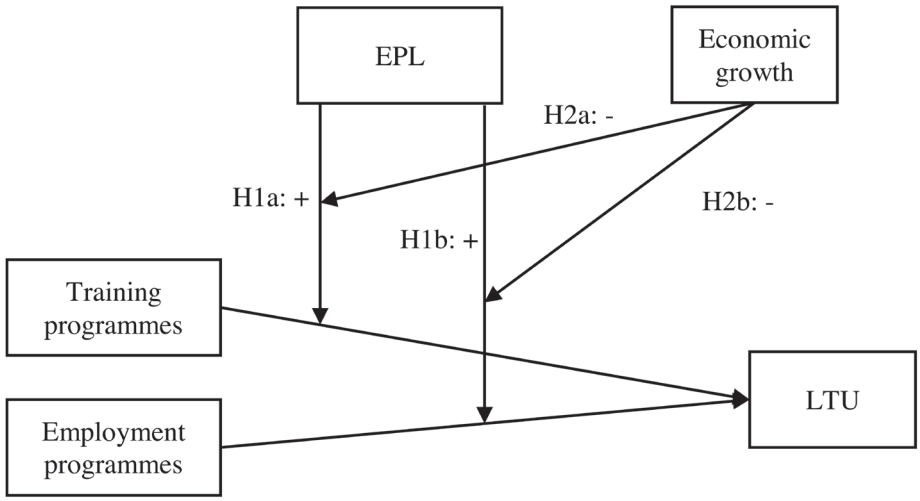

Figure 1.

market incentives that are intended to 'artificially' increase labour demand should be less strong during times of economic growth. The difference in the effectiveness of ALMPs in labour markets with high versus those with low employment protection is reduced when the economic growth level increases. As a result, reducing the financial risk of hiring is more effective in increasing the outflow of ALMP programme participants into employment when the economy is in a downturn. The hypotheses are that the positive moderation effect of EPL on the relationship between LTU and training programmes (H2a) and employment programmes (H2b) is reduced when economic growth increases. The conceptual model is presented in Figure 1.

Data and methods

Data

For this study, I used the European Labour Market Resilience (ELMaR) dataset. This dataset was compiled for the INSPIRES (Innovative Social Policies for Inclusive and Resilient Labour Market in Europe) research project funded by the European Commission under Framework Programme 7. A publicly available dataset was devised containing cross-national and longitudinal (1995–2012) data originating from several data sources, namely the OECD, Eurostat, the Database on Institutional Characteristics of Trade Unions, Wage Setting, State Intervention and Social Pacts (ICTWSS), and the Comparative Welfare Entitlements Data Set. ELMaR covers 30 European countries and 540 observations (Bigos et al., 2013). I selected only cases with complete information about all the variables used, which resulted in a dataset containing 276 observations and 20 countries. This dataset contains only data on the macro-level, which prevented us from directly modelling and testing the micro-level mechanisms. However, I was able to observe the outcomes produced by the mechanisms at the aggregate level, which enabled us to test my hypotheses. Thus, I believe it is still possible to obtain meaningful results with this dataset.

Variables

The dependent variable in my model is long-term unemployment. Two measures are commonly used to measure long-term unemployment, namely long-term unemployment as a percentage of the total labour force or as a percentage of the total number of unemployed. I chose to use the percentage of the total labour force to measure long-term unemployment as this gives a better indication of how well a labour market performs. A labour market with a high percentage of long-term unemployment of the total labour force indicates low levels of inclusiveness and lower economic performance. However, having a high percentage of the total unemployed who are long-term unemployed does not necessarily indicate the same.

When a labour market has a very low unemployment rate but a relatively high percentage of this group is long-term unemployed, this labour market is still considered inclusive and economically competitive. Consequently, I measured long-term unemployment as a percentage of the total labour force. The labour force consists of the total of employed and unemployed persons. The data I used originates from Eurostat (for a full explanation, see Eurostat, 2015). To correct for a skewed distribution, I log-transformed this variable.

Within the analyses, I used four predictors of long-term unemployment. First, I used EPL as a predictor, using the OECD EPL indicator. This indicator incorporates 8 items concerning regulations on individual dismissals between 1995 and 2012 (for full details, see OECD, 2015b). Second, I included two measures of ALMPs. The first is how much effort a country puts into its training programmes over time. This was calculated as the total spending on training programmes as the percentage of the total government expenditure. I included employment programmes as a second indicator of ALMPs, operationalised as the percentage of the total government expenditure on employment incentives, supported employment and rehabilitation, direct job creation, and start-up incentives. These data originate from the OECD. I lagged the institutional independent variables with one year as it takes a year to become long-term unemployed. Fourth, economic growth was measured as the percentage change between two years in the gross domestic product (GDP) per head of the population. Because a comparison across time was made, data in constant prices was used. In my analytical setting, I considered this to be more appropriate because it controls for relative price differences over time in addition to those across countries (OECD, 2015a).

I controlled for several economic, demographic and institutional factors to increase the robustness of the estimates. The wealth of a nation might be correlated with the policies used and the rate of long-term unemployed rate. The wealth of a nation was measured by GDP per head of the population in constant prices. Besides controlling for economic influences, I also controlled for demographic influences as they may also be correlated with both the policies used and LTU. The ratio of older-aged people living in a country was controlled for by using the old-age dependency ratio. The ratio is measured as the total number older-aged people who are of an age that is higher than the working age (i.e., 65 and over) compared with the total number of people of working age (i.e., ages 15 to 64). I also controlled for migration, which was measured as the crude net migration rate. The crude net migration rate is the ratio of the difference between the total change of the population and the natural change of the population compared with the average population during a period of one year per 1,000 inhabitants. Besides economic and demographic factors, other labour market institutions might be correlated with ALMP, EPL and LTU. For this reason, I controlled for welfare generosity and trade union density. Welfare generosity was operationalised as the net unemployment replacement rate, which was devised by Scruggs et al. (2014). It measures the rate of income from work that is replaced by welfare and

unemployment benefits. The net replacement rate was calculated as the average between the replacement rate for a single person without children and for a one-income family with two children. Trade union density was measured as the ratio of wage and salary earners who are trade union members, divided by the total number of wage and salary earners. I also lagged the control variables by one year. The descriptive statistics of the variables are presented in Table 1.

Table 1: Descriptive Statistics

Statistic	Mean	St. Dev.	Min	Max
Log long-term unemployment rate	1.007	0.774	-1.204	2.667
Training programmes (t-1)	0.341	0.175	0.000	0.900
Employment programmes (t-1)	0.750	0.507	0.000	2.100
EPL (t-1)	2.417	0.728	1.032	4.583
Economic growth (t-1)	1.736	2.952	-8.707	10.563
GDP per capita (/10000) (t-1)	2.839	0.807	0.970	4.914
Old age dependency ratio (t-1)	23.258	3.605	15.800	31.400
Crude net migration rate (t-1)	3.008	3.493	-7.500	15.700
Union density (t-1)	36.757	21.111	7.548	83.138
Welfare generosity (t-1)	0.600	0.141	0.258	0.800

N = 276

Analyses

As the dependent variable is measured on a continuous scale, I used a linear model to test the hypotheses. Because of the hierarchical structure of my data, with time nested in countries, I used a multilevel model with two levels. In this way, I took into account that observations over time are likely to be highly-correlated. I tested the dependence assumption by first estimating an empty model consisting only of the dependent variable and time to test if the variance of long-term unemployment between countries was greater than zero. I used the nlme package version 3.1.122 in R to estimate the models. It is typical for a multilevel model with repeated measures to produce incorrect estimates of the variances of both levels. To correct this problem, an occasion variable needs to be included in the model so that the estimations of subject-level variance become more realistic (Hox, 2010). This empty model was then compared with the same model plus a random intercept. The random intercept significantly improved the model ($\chi^2(1)=298.32$, $p<.001$).

Next, I performed two analyses in which I investigated two models. First, I analysed a model focusing on the interaction between training programmes, EPL and economic growth. Second, I analysed a model focusing on the interaction between employment programmes, EPL and economic growth. Based on the theoretical construct of institutional complementarity, I expected that the effects of ALMP programmes and EPL would differ between countries. For this reason, I tested including these indicators as random slopes into the model. Including training programmes as a random slope significantly improved the first analytical model ($\chi^2(2)=14.3$, $p<.01$), while including EPL as a random slope did not ($\chi^2(2)=2.77$, $p>.05$). Including random slopes of employment programmes ($\chi^2(2)=52.47$, $p<.001$) and EPL ($\chi^2(2)=9.02$, $p<.05$) significantly improved the second analytical model. The results of the analyses are presented in Tables 2 and 3.

Because three-way interactions are notoriously hard to interpret, I plotted all significant three-way interactions for easier interpretation. I also included confidence intervals to see if the statistical estimations I observed in the regression model corresponded with my theoretical expectations. I produced two plots of a two-way interaction between an ALMP programme and EPL: one plot portrays the moderation effect during an economic downturn (GDP growth of -3%), and one plot portrays the moderation effect during an economic upturn (GDP growth of 3%; see Figures 2 and 3).

Results

Descriptive analyses

Figure 2 consists of a boxplot that shows the long-term unemployment distribution per country. The white boxes represent the interquartile range (IQR), meaning the range between the 25th and 75th percentile of the data. The vertical line in the white boxes depicts the median and the horizontal lines portray the distance of the furthest data point within 1.5 times the IQR. The black dots represent data points that are beyond 1.5 times the IQR. The mean score of a country is symbolised as a white diamond shape. Figure 2 shows that the Slovak Republic has the highest mean score and Norway the lowest. Poland, Spain and Ireland show highly volatile long-term unemployment rate.

Figure 3 shows the combined average scores on training programme spending and employment protection strictness, and Figure 4 shows the same but for employment programme spending. Figure 3 shows that the Netherlands has the highest average spending on training programmes but has an average score on EPL strictness. Great Britain scores the lowest on EPL strictness and has relatively high spending on training programmes. Figure 4 shows that Ireland and Denmark have relatively high spending on employment programmes and less strict EPL. However, Denmark has stricter EPL than Ireland, but Ireland spends less on employment programmes than Denmark does.

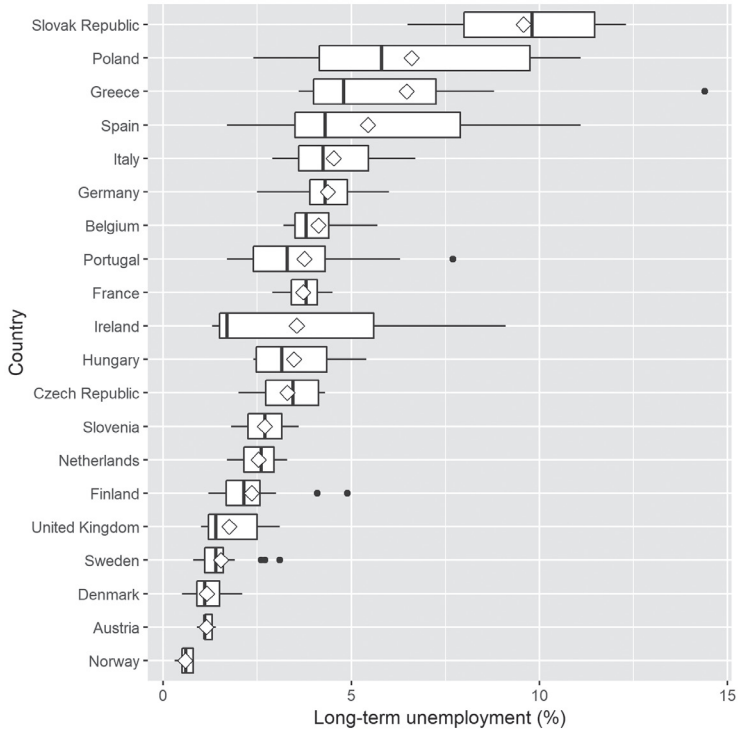

Figure 2: Long-term unemployment rate per country, 1996-2012

Regression analyses

First, I analysed if training programmes and EPL interact with each other and if the direction of this interaction might be influenced by the economic climate. The analysis is presented in Table 2. Model 1 depicts the main effects of EPL and training programmes on long-term unemployment. EPL negatively affects long-term unemployment *(b=-.38, p<.05)*, which means that higher levels of EPL are associated with a lower long-term unemployment rate. I found no direct relationship between training programmes and LTU *(b=-.52, p>.05)*. To test hypothesis H1a towards finding an interaction between training programmes (the first indicator of ALMPs) and EPL, I extended Model 1 to include a two-way interaction term between them (Model 2). No significant two-way interaction was found *(b=.32, p>.05)*, so I rejected hypothesis H1a. Next, I hypothesised that the economic environment might affect the direction of the interaction between training programmes and EPL (hypothesis H2a). I extended Model 2 by including a three-way interaction term between training programmes, EPL and economic growth. The results are summarised in Model 3. The three-way interaction between training programmes, EPL and economic growth did not

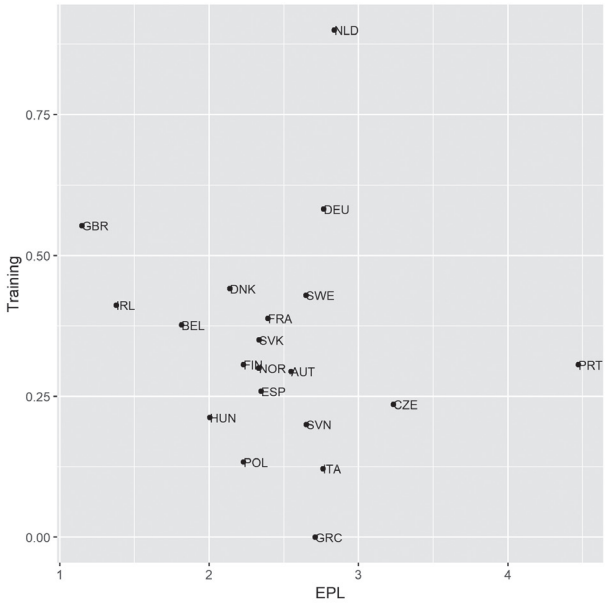

Figure 3: Average scores of training programmes and EPL, 1996-2012

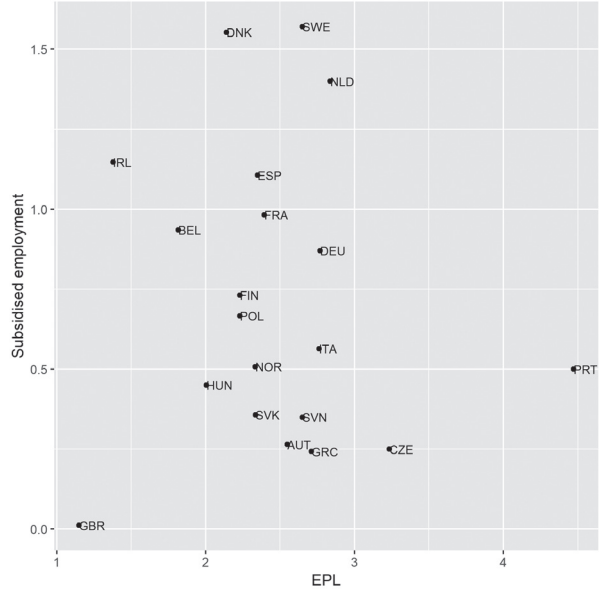

Figure 4: Average scores of employment programmes and EPL, 1996-2012

have a significant effect on long-term unemployment *(b=.01, p>.05)*. Thus, hypotheses H1a and H2a were rejected.

Second, I analysed if the second indicator of ALMPs, that is, employment programmes, and EPL interact and if the economic environments influence this interaction. The results of this analysis are presented in Table 3. In the first model, I estimated the main effects of employment programmes and EPL on long-term unemployment. Again, I found that EPL negatively relates to long-term unemployment *(b=-.043, p<.05)*. I did not find a relationship between employment programmes and EPL *(b=.04, p>.05)*. In Model 2, I extended Model 1 with a two-way interaction term between employment programmes and EPL. This enabled us to test hypotheses H1b, which holds that the two are complementary. The analysis implies that the interaction between employment programmes and EPL is not significantly related to long-term unemployment *(b=.31, p>.05)*. Hence, I rejected hypothesis H1b. Nonetheless, the existence of complementarity might be affected by the economic environment. To test this theoretical idea, I incorporated a three-way interaction between employment programmes, EPL and economic growth (hypothesis H2b). A significant effect of the three-way interaction on long-term unemployment was found *(b=-.07, p<.01)*.

Figure 5 illustrates how EPL moderates the relationship between employment programmes and long-term unemployment. The minimum and maximum observed values were used to indicate low and high levels of EPL.[4] Both plots show a significant difference between the regression lines as the confidence intervals do not overlap completely. Comparing the regression line that is associated with low EPL between both plots shows that both lines are negative. However, the regression line in the plot of positive economic growth is less negative than the regression line in the plot of negative economic growth. This implies that the moderation effect of EPL on the relationship between employment programmes and long-term unemployment becomes less strong when the economy grows. When EPL strictness is high, a positive relationship is observed between employment programmes and long-term unemployment. The two plots show that when the economy is in an upturn, the effect of employment programmes on long-term unemployment is less positive compared with the effect during an economic downturn. Thus, I accepted hypothesis H2b.

4 During the analysis, we also plotted the opposite moderation effect, i.e., where ALMP moderates the relationship between EPL and long-term unemployment. This plot showed a total overlap of the confidence intervals of the minimum and maximum observed values of employment programmes in both plots. This suggests that the institutional complementarity between employment programmes and EPL is a one-way-street.

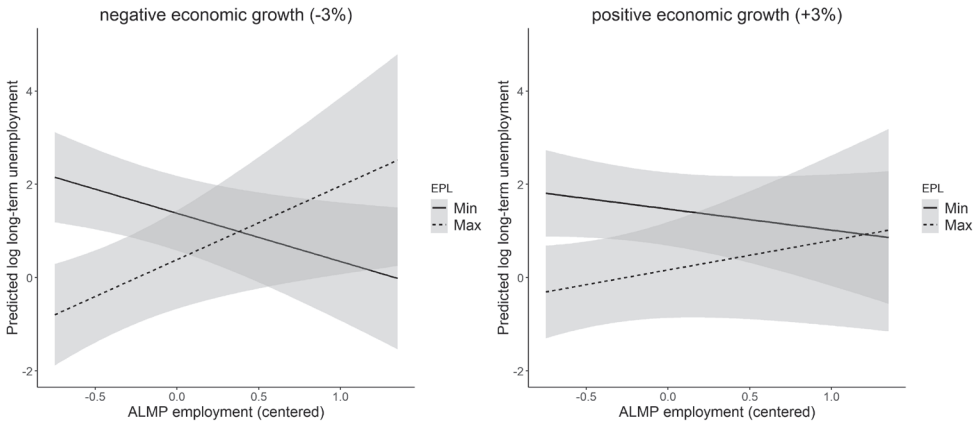

Figure 5: Predicted regression line of employment programmes on the log long-term unemployment rate by EPL

Table 2: Multilevel linear regression on the log long-term unemployment rate between 1995 and 2012

	Model 1	**Model 2**	**Model 3**
(Intercept)	4.26***	4.29***	4.21***
	(0.69)	(0.69)	(0.70)
Main variables			
EPL_c (t-1)	-0.38*	-0.36*	-0.41**
	(0.15)	(0.15)	(0.16)
$Training_c$ (t-1)	-0.52	-0.50	-0.49
	(0.43)	(0.44)	(0.45)
Economic $growth_c$	-0.00	-0.00	-0.00
	(0.01)	(0.01)	(0.01)
Interaction variables			
EPL_c (t-1)*$Training_c$ (t-1)		0.32	0.20
		(0.58)	(0.60)
EPL_c (t-1)*Economic $growth_c$			0.01
			(0.01)
$Training_c$ (t-1)*Economic $growth_c$			-0.01
			(0.04)

Table 2: Continued

	Model 1	**Model 2**	**Model 3**
EPL_c (t-1)*$Training_c$ (t-1)*Economic $growth_c$			0.01
			(0.06)
Control variables			
GDP per capita (/10000) (t-1)	-1.35***	-1.35***	-1.40***
	(0.12)	(0.12)	(0.13)
Old-age dependency ratio (t-1)	-0.06**	-0.06**	-0.05*
	(0.02)	(0.02)	(0.02)
Crude net migration rate (t-1)	-0.05***	-0.05***	-0.05***
	(0.01)	(0.01)	(0.01)
Union density (t-1)	0.00	0.00	0.00
	(0.00)	(0.00)	(0.01)
Welfare generosity (t-1)	1.81***	1.79***	1.75***
	(0.49)	(0.50)	(0.51)
Time	0.08***	0.08***	0.08***
	(0.01)	(0.01)	(0.01)
Variances			
Between countries	0.61	0.62	0.64
$Training_c$ (t-1)	1.96	2.10	2.18
Within countries over time	0.05	0.05	0.05
AIC	163.81	164.77	184.55
BIC	213.98	218.46	248.78
Log Likelihood	-67.91	-67.38	-74.28
Num. obs.	276	276	276
Num. groups	20	20	20

***p < 0.001, **p < 0.01, *p < 0.05

Table 3: Multilevel linear regression on the log long-term unemployment rate between 1995 and 2012

	Model 1	**Model 2**	**Model 3**
(Intercept)	6.38***	6.42***	6.23***
	(0.72)	(0.72)	(0.73)
Main variables			
EPL_c (t-1)	-0.43*	-0.30	-0.35
	(0.19)	(0.21)	(0.21)
Employment $programmes_c$ (t-1)	0.04	0.02	-0.03
	(0.18)	(0.18)	(0.19)
Economic $growth_c$	-0.00	-0.00	-0.01
	(0.01)	(0.01)	(0.01)
Interaction variables			
EPL_c (t-1)*Employment $programmes_c$ (t-1)		0.31	0.40
		(0.25)	(0.25)
EPL_c (t-1)*Economic $growth_c$			-0.01
			(0.01)
Employment $programmes_c$ (t-1)*Economic $growth_c$			-0.00
			(0.01)
EPL_c (t-1)*Employment $programmes_c$ (t-1)*Economic $growth_c$			-0.07**
			(0.02)
Control variables			
GDP per capita (/10000) (t-1)	-1.53***	-1.52***	-1.47***
	(0.12)	(0.12)	(0.12)
Old-age dependency ratio (t-1)	-0.08***	-0.08***	-0.08***
	(0.02)	(0.02)	(0.02)
Crude net migration rate (t-1)	-0.04***	-0.04***	-0.04***
	(0.01)	(0.01)	(0.01)
Union density (t-1)	0.00	0.00	0.01
	(0.01)	(0.01)	(0.01)

Table 3: Continued

	Model 1	Model 2	Model 3
Welfare generosity (t-1)	0.08	0.09	-0.18
	(0.44)	(0.44)	(0.45)
Time	0.08***	0.08***	0.08***
	(0.01)	(0.01)	(0.01)
Variances			
Between countries	1.34	1.31	1.35
Employment programmes$_c$ (t-1)	0.46	0.46	0.53
EPL$_c$ (t-1)	0.16	0.15	0.17
Within in countries over time	0.04	0.04	0.04
AIC	134.81	136.33	151.84
BIC	195.73	200.77	226.78
Log Likelihood	-50.40	-50.17	-54.92
Num. obs.	276	276	276
Num. groups	20	20	20

***$p < 0.001$, **$p < 0.01$, *$p < 0.05$

Conclusion and discussion

In this study, I examine whether less strict EPL is complementary to ALMPs in reducing long-term unemployment. I included the economic environment into my analytical framework because it, I argue, may influence the degree of complementarity between activation and employment protection. By doing so, I aimed to improve understanding of the mechanisms associated with activation and employment protection and to better understand how institutional incentives differ depending on the economic environment.

Our analysis shows that ALMP training programmes and low employment protections do not show any sign of institutional complementarity. When I included the level of economic growth into the analysis as a contextual factor, I still found no signs of institutional complementarity. This suggests that the consequences of a prolonged unemployment spell due to participation in training programmes might not be remedied by low adjustment costs through lower employment protection. The theory that low EPL will improve outflow from ALMP training programmes is not supported by my analysis.

However, the results indicate that the use of employment programmes and less strict EPL are institutionally complementary and that during harsh economic times they are more effective in combination. My findings suggest that less strict EPL unequally influences the effects of training and employment programmes on long-term unemployment. Two explanations for this inequity come to mind. Employment programmes decrease the financial risk of hiring the long-term unemployed to a greater extent than training programmes do. Due to financial incentives such as subsidies and tax reductions, and because employment programme participants are closer to the labour market than the long-term unemployed who participate only in training programmes and not in the labour market, the financial risk is considered acceptable on condition that it is easy to fire them, especially during a crisis. Another explanation for the differential effects of training and employment programmes could be connected with the way that human capital accumulates. As human capital is directly accumulated from the labour market instead of from training, it might be valued more by employers who feel that it lowers potential training costs. This, too, might contribute to lowering the risk of hiring a long-term unemployed person during an economic crisis or downturn. It appears that in this situation stigmatisation does not dominate the relationship between employment programmes and long-term unemployment. Perceiving employers as economic risk-avoiding agents explains why the moderation effect of EPL on the relationship between employment programmes and long-term unemployment is stronger during an economic downturn. Choosing the safest route during a crisis is a logical choice to make.

In short, my study suggests that the amount of adjustment costs that an employer has to make determines which mechanisms of ALMPs are most effective. The study implies that mechanisms that decrease long-term unemployment become dominant if adjustment costs are low. However, when adjustment costs are high, the consequences of prolonged long-term unemployment and stigmatisation become dominant. The study shows that this interaction becomes stronger when economic growth is in decline. Furthermore, I found this effect only with employment programmes, not with training programmes. This implies that governments should invest in employment programmes rather than in training programmes during economic downturns to lower long-term unemployment, but that such programmes should be implemented only in labour markets with less strict EPL. Higher spending on employment programmes is associated with higher long-term unemployment in labour markets with strict EPL.

On a more abstract level, the study also shows that it is worthwhile to investigate how the effects of one institution are influenced by other institutions. In this way, I am better able to understand how institutional structures function. The study also shows that including the external environment of institutions in the analytical framework reveals how the output of institutional structures changes. Excluding an institution's external environment from

the analytical framework may obscure important patterns and insights. This might explain why contradictory results have been found by other scholars. The same institution within different types of institutional structures or different economic environments produces different incentives when other mechanisms within the same institution become dominant. This explains the conflicting results in the academic literature on social policy outcomes.

An institutional feature that might influence the relationship between ALMPs and long-term unemployment is how income protections are put into effect. Unemployment insurance and social assistance are considered predictors of unemployment duration and of the quality of labour market matching processes. Future research could focus on how the combination of ALMPs and income protection influences long-term unemployment and if their interaction is affected by differences in the economic climate. Another direction future research could take is to differentiate the effects of ALMP programmes by target group. This study examined only the total group of long-term unemployed. It is plausible to assume that various social groups are affected differently by the same institutional system.

This study also has some methodological limitations. The first limitation concerns the level of analysis. I included only the macro level in the analysis, but the mechanisms involved make assumptions about micro-level behaviour. By excluding these levels, I was unable to analyse the mechanisms in question in full detail. Institutions influence behaviour but do not fully determine it. Thus, by looking only at the macro-level, much of the detail is lost. Future studies should include these lower levels to better test their assumptions. Another drawback of this study, one which is closely related to the former, is the exclusion of the ALMP effort on the regional and local levels. EPL is determined on the national level, but how ALMP is organised differs at national, regional and local levels. As far as I know, no comparative data exist that contain this information. The consequence of this exclusion might be that ALMP efforts of some countries have been underestimated. Other limitations concern statistical endogeneity. The measurements used are very broad and may, therefore, produce measurement error, which results in inconsistent estimation. A possible solution is to study specific legislature to avoid studying misrepresentations caused by less valid measures (de Beer & Schils, 2009). Within my research framework, this was not a viable option because I was more interested in studying the general patterns across European labour markets. Furthermore, this study may also suffer from statistical endogeneity caused by bi-causality. The policy mechanisms under study assume that policy produces socio-economic outcomes. However, socio-economic outcomes also influence future policymaking. Thus, long-term unemployment may also predict policy. A solution to this problem is to use instrumental variables (IVs) (Antonakis et al., 2010). But to the authors' knowledge, no reliable IVs exist that fit my research framework. Despite these limitations, I think this study provides valuable insights into the institutional complementarity between labour market institutions and how this might be affected by their external environment.

Chapter 4

Active labour market policies, educational attainment and unemployment.

This chapter is co-authored by Ferry Koster and Romke van der Veen.
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Introduction

This study aims to explain cross-national variation in the impact of education upon the unemployment risk using an institutional theoretical perspective. Structural changes in the economy weakened the position of the lesser educated, increasing their vulnerability to economic downturns. Researchers argue that labour market opportunities and outcomes of the lesser educated have diminished over recent decades as a result of the transformation of the economy. Under the influence of technological innovation and economic globalisation, the economy transforms from an industrial economy to a knowledge economy (Powell & Snellman, 2004). Due to technological innovation, labour demand shifts from low-skilled labour to high-skilled labour (Katz & Autor, 1999). However, it seems that new technologies also affect jobs in the middle of the job structure, such as when routine production and clerical tasks are replaced (Autor, Levy and Murnane, 2003; Goos and Manning, 2007). Consequently, workers that used to work in the middle segment increasingly compete for jobs with workers in the lower segment. Increased economic globalisation weakens the labour market position of the less educated too due to a reallocation of low-skilled jobs to developing countries (Wood, 1995). Demand for flexible labour also increased to efficiently adjust organisations to market fluctuations caused by increased international competition (McCann, Morris, & Hassard, 2008). As the likelihood of lesser educated people of having a flexible employment contract is higher (Schmid, 2010), economic globalisation is not only associated with a decrease in local demand for low-skilled jobs but also with a reduced level of job security for the lesser educated.

The weaker labour market position of the lesser educated makes them more vulnerable to the consequences of economic shocks. During the Great Recession of 2008, lesser educated workers were indeed more susceptible to economic shocks than the higher educated (Verick & Islam, 2010; Vuolo, Mortimer, & Staff, 2016). Having a higher probability of working in sectors most affected by the economic shock (e.g. the construction sector), and by their having lower job security, partly explains this (Verick & Islam, 2010). Additionally, during economic downturns, the likelihood of the more educated displacing the lesser educated increases. People with high or middle education who cannot find a job lower their reservation wage and accept jobs under their educational level. Employers tend to raise their educational requirements when economic circumstances worsen. This causes the highly educated to displace the middle educated and so on. Hence, the probability of being pushed out of the labour market increases more for the lowest-educated (Klein, 2015). Studies show, however, that the impact of a crisis differs between countries (OECD, 2010; Verick & Islam, 2010), and that changes in the impact of education upon employment probabilities differ between countries (Bell & Blanchflower, 2010). Hence, national characteristics mediate the severity of education-related risks during an economic

downturn. Explanatory factors for variations in risk distributions between countries, besides the structural changes, include institutional factors such as labour market policies (Bennett, 2016) as well as the specific social and cognitive composition of the low educated in a given country (Abrassart, 2013; Gesthuizen, Solga, & Künster, 2011).

Against this background, active labour market policies (ALMPs) are of special interest. These policies intend to improve the labour market position of disadvantaged social groups (J. P. Martin & Grubb, 2001). ALMPs try to reduce unemployment by improving the quality of the supply side through upskilling and by reducing hiring risks associated with disadvantaged social groups on the demand side. Both strategies are rooted in *human capital theory* and *signalling theory*. Based on human capital theory, unemployment is understood to be the product of possessing unmarketable skills (Becker, 1962). Thus, learning skills demanded by employers is necessary in order to improve one's labour market position. Furthermore, hiring decisions are associated with high risks for employers due to information asymmetry regarding the productive potential of applicants. According to signalling theory, employers rely on crude signals as screening devices to reduce the risk of making a costly hiring mistake (Stiglitz, 1975). The educational level of the applicant is one such signal (Arrow, 1973). Along with stating the knowledge and skills of the applicant, educational attainment also signals a level of readiness and an ability to acquire new job-specific knowledge and skills. The latter point is key, according to Spence (1973), since most relevant skills and specialised knowledge are most likely acquired on the job. Therefore, ALMP programmes that improve the signal of their unemployed participants and reduce their perceived training costs should result in improved labour market opportunities.

However, the empirical results on the effectiveness of ALMPs in improving labour market opportunities (increasing options for high-quality jobs and re-employment of unemployed) are mixed (Brown & Koettl, 2015). While human capital theory and signalling theory lead to compelling insights for critically evaluating ALMPs, neither seems able to account for variations in the observed effects of ALMPs. To better understand the effects of ALMPs, it is important to first differentiate between various ALMP instruments, as their effects differ (Sianesi, 2008). ALMP measures directly linked to improving human capital and reducing information asymmetry include training programmes and hiring subsidies. *Training programmes* aim at improving the human capital of participants by teaching them skills that are currently in need. In the case of workplace training, a training programme also reduces information asymmetry by providing an opportunity for the employer to acquire information on the participant (Carling & Richardson, 2004). *Hiring subsidies* are financial incentives that are specifically targeted at hiring the unemployed. Although hiring subsidies resemble wage subsidies, they are different because they are usually short-term, while wage subsidies can last as long as that person remains employed. Furthermore, hiring

subsidies are mainly aimed at disadvantaged unemployed, while wage subsidies also cover the employed (Brown & Koettl, 2015). However, in both cases, effects are also observed that undermine the original policy goals. For example, participation in ALMP programmes might also lengthen the unemployment duration, which further hurts a person's chance at employment (van Ours, 2004), displace other workers from their jobs (Calmfors et al., 2001) or be used by social groups that are not the intended target social group (Kocór & Worek, 2017). Any of these processes can have the net effect of increasing inequality, so more insight into the effects of ALMPs are needed for policy-makers to make informed investment decisions.

To investigate the effects of training programmes and hiring subsidies on the variation in the unemployment risk depending on education, job competition theory and cumulative (dis)advantage theory are used. Neither theory denies the central ideas posited in human capital theory and signalling theory, but each provides additional insights. In order to investigate the theoretical expectations following from both theories, a comparative dataset was constructed that links national level ALMPs to the unemployment risk on the individual level. We use data from the European Social Survey (ESS) of 2010 as it contains data that is collected during the economic crisis and combined the ESS dataset with macro-level indicators from the OECD.

This article is structured as follows. In the next section, the possible outcomes that training programmes and hiring subsidies might produce are theorised using job competition theory and cumulative (dis)advantage theory. Then, the data and methods used to empirically test the hypotheses are described. In the following section, the results of my analysis are presented. The article ends with a discussion and conclusion based on the obtained results.

Job competition and substitution

According to *job competition theory*, as explained by Thurow (1975), one's labour market opportunities are always relative to those of others. Employers rank applicants based on the costs they need to reach the full productive potential of a given job, forming a labour queue. This labour queue is matched with the job queue, which is the ordering of available jobs ordered according to their training requirements and rewards. The jobs with the highest training requirements are matched with persons with the lowest training costs until all job openings are filled. Hence, job competition is based on the ability to signal the lowest possible training costs to the employer relative to other applicants. Because the position in the labour queue is always relative, the probability of acquiring a job depends on the strength of the signal compared to that of others. In this context, the level of education is used as a signal for cognitive and non-cognitive skills of the applicant (Parsons, 1959).

Non-cognitive skills refer to habits and traits, such as discipline, politeness, and attendance, while cognitive skills refer to abilities related to reading, writing and mathematics among others (Farkas, 2003). Research shows that especially in the interactive service economy non-cognitive skills are more highly valued by employers than cognitive skills. However, non-cognitive skills are an additional requirement to cognitive skills, not a substitution (Mýtna Kureková, Beblavý, Haita, & Thum, 2016). The options to measure both skill groups during the hiring process differ. Whereas cognitive skills can be more easily measured with standardized tests, non-cognitive skills are harder to measure, which induces the use of subjective criteria (Kmec, 2006). This suggests that when it comes to non-cognitive skills, employers rely more on presumed (stereotypical) group characteristics to order their applicants during the screening process instead of their actual skill level. Following the logic of job competition theory, the labour queue position of the lesser educated can be improved by ALMPs that reduce training costs and provide opportunities for employers to obtain information on the actual skills and skill levels. However, at the same time, the higher educated would then obtain a lower position in the labour queue, lowering their chances of obtaining a job. As a result, downward substitution should happen to a lesser extent in labour markets that make more use of ALMPs.

Following the theoretical logic of job competition theory, it is expected that both training programmes and hiring subsidies affect the unemployment risk by influencing the expected training costs and availability of information on the actual skill level of an applicant. Because training programmes are primarily aimed at skill development through general, vocational or firm-specific education (Brunetti & Corsini, 2017), the perceived training costs for employers should be lower. Additionally, educational activities also socialise people for work (Bowles & Gintis, 2000, 2002). Conversely, being outside of the educational system and the labour market implies that a work-related de-socialisation takes place. These signals represent not only higher training costs to employers, but also a lack or loss of attractive behavioural traits. Through participating in training programmes, the lesser educated may correct this and signal lower training costs to the employer based on the possession of desired skills and behavioural traits. Furthermore, it might be expected that participation in ALMP training activities signal a readiness to learn, however, it is also argued that participation in ALMP programmes might stigmatise participants. Research (Bonoli & Hinrichs, 2012) shows that participation in labour market programmes is viewed as a positive signal by employers or is seen as at least better than inactivity during a period of unemployment. The signalling effect of ALMP programme participation tends to differ depending on the distance one has to the labour market. Whereas participation is viewed as a positive signal for those with a weak position, it may have no effect or even a negative effect on stronger participants (Liechti, Fossati, Bonoli, & Auer, 2017). This suggests that training programme participation mainly benefits people with less education

in terms of improving one's position in the labour queue. Furthermore, when training programmes take place in the workplace, instead of a classroom, these programmes can be used by employers as screening devices to obtain more information on the actual skill level of participants (Brunetti & Corsini, 2017). This potentially reduces the negative consequences associated with assumed stereotypical group characteristics. As these types of programmes are primarily aimed at the lesser educated, they offer them an advantage over the higher educated regarding information asymmetry. Hence, we hypothesise that *during an economic downturn the lesser educated have a lower unemployment risk in labour markets with high training programme intensity compared to the lesser educated in a labour market with low training programme intensity, and vice versa for the higher educated (H1)*.

Hiring subsidies also have the potential to influence labour queue dynamics. In those programmes, the labour costs of participants are (partially) covered through financial measures for a fixed period. Thus, building on the job competition theoretical logic, the training costs to a potential employer are lower and therefore the position in the labour queue of those who are eligible is higher. Consequently, those who are not eligible are pushed to a lower position in the labour queue, reducing their employment opportunities. Furthermore, when participants are employed during a subsidy period, the employer is able to obtain information on the productive potential of the subsidised worker (Brown & Koettl, 2015). Employers may be more willing to retain lesser-educated participants as it potentially reduces negative biases towards these types of workers. Besides reducing information asymmetry, participants also obtain firm-specific human capital (Sianesi, 2008), which reduces training costs substantially. However, it also argued that hiring subsidies have the potential to displace employed workers. Two effects can be hypothesised relating to job competition. First, employed workers are fired and replaced by subsidised workers. Second, in order for employers to become eligible for a hiring subsidy, the educational requirements are lowered and workers are replaced with subsidised workers who are lesser educated (Brown & Koettl, 2015). If these substitution effects would occur it is more probable that the middle and highly educated are affected in a negative sense. Both educational groups have a higher chance of being employed during an economic downturn than the less educated (Klein, 2015). This implies that *during an economic downturn the lesser educated in a labour market with a higher hiring subsidy intensity have a lower risk of becoming unemployed than the lesser educated in labour markets with a lower hiring subsidy intensity, and vice versa for the higher educated during an economic downturn (H2)*.

Cumulative (dis)advantage and the Matthew effect

The possibility also exists that ALMPs increase labour market inequalities between lesser and higher educated people. ALMPs might produce a Matthew effect due to cumulative advantages of higher educated people and cumulative disadvantages of the lesser educated. The central idea of such an effect is that a group-based advantage or disadvantage will grow over time, widening inequality between social groups. Small disadvantages at a certain point in time might prevent closing the inequality gap or make it more difficult to do so. Conversely, small advantages at a certain time point might provide the opportunity to widen the gap even further between groups (DiPrete & Eirich, 2006). In short, cumulative (dis)advantage is a micro-level process that produces a macro-level effect of increasing inequality, i.e. a Matthew effect (Bask & Bask, 2015).

In the process of maximising the output of ALMP programmes during an economic recession, higher-educated job seekers might be more favourable than lesser educated candidates. The practice of placing the unemployed with the highest re-employment probability in ALMP programmes instead of those who need it the most is called 'creaming' (Brown & Koettl, 2015). It is logical to assume that creaming is more likely to happen during an economic downturn because it increases the probability of budget cuts and to the existence of vacancies that are harder to fill. Even during an economic downturn, the possibility still exists that employers have vacancies that are hard to fill, even though labour supply is relatively high (Erken, van Loon, & Verbeek, 2015). If ALMP measures such as training programmes and hiring subsidies are used to reduce mismatching, it is expected that the more educated have a higher probability to obtain employment compared to the lesser educated. Furthermore, not all occupations have the same level of accessibility. Institutions can be used to 'artificially' reduce supply for certain occupational groups. In this way, members of those occupational groups are better protected from competition and their position is strengthened. Access to certain occupations can be limited through things like licensing, credentialing and certifying (Weeden, 2002). As people with higher education have generally enjoyed more education, it is expected that the training costs of higher educated people to obtain the desired skills or to get access to the job are lower than those of the lesser educated if they compete for the same job. Thus, this suggests that fewer activation measures or measures enacted at a lesser intensity would be needed for higher educated people to become eligible for the same vacancy compared to lesser educated people.

The higher educated are also more positively predisposed to training and learning activities than the lesser educated. The lesser educated often refer to negative experiences during their educational career as reasons for their not participating in training programmes (Illeris, 2006). Additionally, research shows that a lower willingness to train by the less

educated is driven by differing economic preferences and personality traits on average compared to the higher educated, such as the preference for leisure, openness to experience or one's internal locus of control (Fouarge, Schils, & de Grip, 2013). When people who have a lower willingness to train are forced to participate in training programmes, they often develop coping strategies that hinder the formation of human capital. These strategies involve things like focussing only on what might be personally useful, getting through by making things as easy as possible (instrumentalism) and becoming passive aggressive (Illeris, 2003). All of this suggests that processes of cumulative advantage and disadvantage increase inequality in labour markets with higher levels of training programme intensity. Due to having higher amounts of human capital and lower costs to successfully reintegrate into the labour market, higher educated people are more likely to utilise training programmes successfully. Lesser educated people, on the other hand, are on average more negatively predisposed to training, which hinders their participation and hinders them from successfully obtaining marketable skills. Hence, we expect that *during an economic downturn the difference in the unemployment risk between the low and the higher educated is greater in labour markets with a high training programme intensity than in labour markets with a low training programme intensity during an economic downturn (H3)*.

Related to hiring subsidies, stigmatisation is a frequently-mentioned cumulative process of disadvantage. It is argued that when hiring subsidies are too narrowly-targeted, eligibility signals low productivity. This signal reduces hiring probability and thus increases the unemployment duration (Brown & Koettl, 2015). Because long unemployment spells are also perceived as signals for low productivity (Bonoli & Hinrichs, 2012), hiring subsidies might further weaken the position of the lesser educated who are more likely to become eligible for a hiring subsidy. However, during an economic downturn, the negative signalling function of unemployment and activation programme eligibility should be much weaker. When unemployment is high, individual unemployment is perceived as more normal and, therefore, does not necessarily imply a low quality of worker (Lupi & Ordine, 2002). This implies that stigmatisation based on hiring subsidy eligibility is less likely to happen during an economic downturn. However, if unemployment is widespread the probability for the higher educated to become eligible for hiring subsidies also increases, especially when eligibility criteria are based primarily on unemployment duration. A potential consequence here is that employers would use hiring subsidies to hire workers who are higher educated. Thus, if hiring subsidies produce a Matthew effect, it is more likely to be a cumulative advantage for the higher educated. As a result, we expect that *during an economic downturn the difference in the unemployment risk between the low and higher educated is greater in labour markets with a high spending level on hiring subsidies than in labour markets with a low spending level during an economic downturn (H4).*

Data and method

To answer the research question, we used the 5th wave of the ESS (2010). The ESS contains micro-level data on 27 countries and includes a total of 52,458 observations. As we are interested in the labour market population, data on individuals younger than 15 and older than 65 is excluded. The micro-level data of the ESS are combined with macro-level data on ALMPs because it is expected that the institutional structure of a national labour market partly influences the unemployment risk on the micro-level. Therefore, indicators from the OECD were used to measure the usage of specific training programmes and hiring subsidies on the national level. After excluding these, and because not all countries in the ESS dataset are covered by the OECD concerning specific ALMPs, the analyses were performed on data from 19 countries and 18,172 observations.

Micro-level variables

To measure labour market status, respondents were asked to indicate the activities that they had been doing over the last seven days. If they marked more than one activity, they were asked to mark the activity that best describes their situation. The options included in the analysis were: paid work, unemployed and looking for a job, and unemployed and not looking for a job. All other options were excluded from the analyses. Because ALMPs primarily aim to transition both the unemployed who are looking and not looking for work into employment, and aim to prevent the employed from transitioning into unemployment, the analyses mainly focus on the difference between employment and unemployment in general. Both unemployment categories were therefore combined to form one unemployment indicator.

Although the theoretical section implies a certain dichotomy, a continuous variable was used because both groups refer to the tails of the educational distribution and theoretical reasoning is linear. Furthermore, a categorical variable would also increase measurement error by grouping people in relatively broad categories. Therefore, educational level was measured using the International Standard Level of Education (ISLED) scale. The educational classifications from the International Standard Classification of Education (ISCED) are scaled using a cause-and-effect scaling technique and projected on a 0-100 metric using the length of educational career (in years) as a calibration measure. Measurement quality of ISLED outperforms both duration and ISCED as education measures (for a detailed description and testing of ISLED, see Schröder, 2014; Schröder and Ganzeboom, 2014). Because this variable is used in an interaction, it is mean-centred.

Due to educational expansion during the last decades, the number of highly educated increased, and consequently, in many European countries highly educated people tend to be younger on average. Hence, age is controlled for and measured in years. On average,

people belonging to ethnic minorities also tend to have lower educational credentials and a higher risk of being unemployed. A dummy variable was included to measure if the respondent belongs to an ethnic minority within the country the person lives in. Gender was included as a dummy variable referring to female respondents. A categorical variable measuring trade union membership was also included in the analyses. Trade union membership is negatively related to the educational level and also potentially negatively related to unemployment due to increased labour market protection. Additionally, it is expected that trade union members have more information on ALMPs than non-members due to the information function that the trade union fulfils for its members. This might increase participation in ALMPs among trade union members. The variable consists of three categories, namely: "yes, currently", "yes, previously" and "no".

Macro-level variables

The theoretical expectation is that training programmes and hiring subsidies moderate the relationship between education and unemployment. The common practice is to measure ALMP intensity on the national level as a percentage of GDP. However, the OECD also provides an option that operationalises ALMP intensity as the number of participants as the percentage of the total labour force. Both measures are used to check the sensitivity of the observed patterns. A distinction is also made between classroom training and workplace training because the theory suggests that the effects might differ between both forms. A training programme where participants spend 75% or more of the training time in an educational institution is considered to be classroom training. The OECD also provides indicators for training programmes where 50% or where 75% or more of training time is spent in the workplace, both of which are considered to be workplace training. Workplace training also includes apprenticeship programmes that consist of incentives to recruit apprentices or training allowances for disadvantaged groups. Apprenticeships that follow from participation in the regular educational system are not included. Because the intended effects of training programmes generally become manifest in the longer-term (Strandh & Nordlund, 2008), e.g., within one to three years (Lechner et al., 2007), we lagged training variables by two years and use measurements from 2008. Moreover, hiring subsidies consist of measures that promote the creation or take-up of new jobs or that promote the improvement of employability through work experience and are paid only for a limited period of time. As hiring subsidies have an immediate effect when they are utilised (Strandh & Nordlund, 2008), measurements originate from 2010. Because these variables are used in an interaction, they are mean-centred.

Table 1: Descriptives

	N	Mean	St. Dev.	Min	Max
Micro-data					
Unemployment	18,172	0.130		0	1
Education (ISLED)	18,172	50.989	19.694	17.530	91.530
Ethnic minority	18,172	0.055		0	1
Female	18,172	0.519		0	1
Age	18,172	41.581	11.540	16	64
Trade union membership					
Yes, currently	18,172	0.261		0	1
Yes, previously	18,172	0.136		0	1
No	18,172	0.603		0	1
Macro-data					
ALMP training (participation)	19	0.981	0.750	0.040	2.240
ALMP training (spending)	19	0.144	0.112	0.010	0.350
ALMP classroom training (participation)	19	0.632	0.551	0.040	1.970
ALMP classroom training (spending)	19	0.098	0.093	0.010	0.320
ALMP workplace training (participation)	19	0.335	0.380	0.000	1.310
ALMP workplace training (spending)	19	0.038	0.037	0.000	0.100
Hiring subsidy (participation)	19	1.287	1.064	0.070	4.530
Hiring subsidy (spending)	19	0.124	0.113	0.020	0.500

Source: ESS 2010 (micro-data) and OECD (macro-data), own elaboration.

Method

Because the dependent variable is dichotomous, binary logistic regression is the appropriate analytical method for the analyses. Because the data are clustered (people are clustered in countries), the independence of observations assumption is violated. If the clustering is not accounted for, unreliable estimates are obtained. To correct for this data structure, multilevel analysis is commonly used. Multilevel analysis corrects clustered data by including random effects, which capture the variation between clusters. Fixed effects are also estimated, which are the general relationships between the dependent and independent variables regardless of cluster membership (Hox, 2010).

However, these models are criticised in light of cross-national research. First, the samples of countries used are considered small (less than 25). The low number of countries affects coefficient estimation procedures, resulting in standard errors that are too narrow. As a result, the p-values are too small (Bryan and Jenkins, 2016; McNeish, 2016)**.** When using multilevel logistic regression, Bryan & Jenkins (2016) recommend at least 30 countries as the absolute minimum in order to obtain consistent estimates. Hence, the use of multilevel models is less than optimal. However, McNeish (2016) shows in a simulation study that using penalized quasi-likelihood with a Kenward-Roger correction produces trustworthy results. The Kenward-Roger correction is a post-estimation technique that inflates standard errors and adjusts degrees of freedom based on variability within the variable. This produces p-values that are more conservative (McNeish, 2017). As SAS is the only statistical programme that offers the Kenward-Roger correction in combination with multilevel logistic analysis, we used the glimmix procedure with the Newton-Raphson with Ridging optimizer.

Second, because relatively few countries are available in comparative datasets, few control variables on the country level can be included in the model. Hence, multilevel analysis in cross-national research is prone to omitted variable bias (Möhring, 2012). An alternative to multilevel analysis are fixed effect models (FEMs) (Huang, 2016). In FEMs for comparative cross-sectional analysis, N-1 country dummies are included to control for all country-level heterogeneity. Omitted variable bias on the country level is ruled out and, thus, time-specific cyclical components of unemployment as well as the structural components of unemployment are controlled for. However, this also means that main country effects on individual outcomes cannot be estimated (Möhring, 2012). Nevertheless, cross-level interactions can still be included in FEMs because these coefficients also vary on the individual level (Allison, 2009; McNeish & Stapleton, 2016). FEMs were estimated that included interactions between ALMP indicators and the education indicator. Because the main effect of the ALMP variables cannot be included with FEM, the interpretation of the interaction coefficient is more difficult. Therefore, we use the FEM mainly to check the robustness of the interaction coefficients of the multilevel models.

Third, the selection of countries is not random. Thus, influential cases on the country level can have strong effects on the estimates. To investigate the effects of influential cases in the context of ML, Bowers and Drake (2005) advise the use of visualisation techniques to provide additional information on the micro-level relationships within macro-level units. Hence, the within-country effects are estimated while being controlled for the beforementioned micro-level characteristics and plotted against a country characteristic to visually inspect if the estimates become more positive or more negative when the characteristic specific ALMP programme intensity increases.

To address the methodological issues of cross-national research, we use multilevel analysis, FEMs and the visual procedure side by side to evaluate the relationships found. The multilevel coefficients are used to predict the average labour market status probability if all the analyses indicate there is a significant and robust interaction. The predicted probabilities are then plotted to ease the interpretation of the interactions.

Results

The results for ALMP training programmes (H1 and H3) are first discussed, which is followed by a discussion on the results for hiring subsidies (H2 and H4). The results of the multilevel logistic regression using participation rates as indicators for ALMP intensity are presented in Table 2. The results with the indicators based on spending as a percentage of GDP are presented in Table 3 (see Appendix). To test the hypotheses that the difference in the impact of education upon unemployment is smaller (H1) or bigger (H3) in labour markets with a high intensity of ALMP training compared with labour markets with a low intensity, interaction terms were estimated using both training programme indicators and the indicator for educational attainment. The first model in Table 2 shows a significant positive interaction between overall training participation and education on being unemployed *(b=0.011, p<0.05)*. A similar pattern is observed in Table 3 concerning overall training participation *(b=0.071, p<0.05)*. The fixed effect models (FEMs) confirm these observations (see Appendix, Table 4). The plots of within-country estimates of education on unemployment and spending on and participation in overall training both show a general positive relationship (see Appendix, Figure 3). This suggests that the obtained results are robust against outliers and omitted variable bias on the country-level. Figure 1 shows the marginal effects of the interaction between ALMP training participation, based on the multilevel model, that the predicted unemployment risk for the lesser educated is on average lower in countries with a higher participation rate, whereas the unemployment risk is on average higher for people with a higher education compared to a country with a low participation rate. The same pattern is observed concerning training programme spending.

Furthermore, a distinction was also made between ALMP classroom training and ALMP workplace training. Both ALMP classroom training spending and participation positively moderate the relationship between education and unemployment *(respectively, b=0.076, p<0.05; b=0.012, p<.05)*. The results of the FEM (see Appendix, Table 4) and the plot of the within-country estimates of education on unemployment (see Appendix, Figure 5) indicate that this finding is robust against outliers or omitted variable bias on the country-level. Figure 2 shows that, just like in the case of overall spending on ALMP training, lesser educated people in countries with high participation levels on ALMP classroom training have on average a lower unemployment risk compared to lesser educated people in countries

with low spending levels. The opposite holds for people who are highly educated. Tables 2 and 3 also shows that the interaction between ALMP workplace training participation and spending does not moderate the relation between education and unemployment. To conclude, the findings support hypothesis H1 in the case of overall ALMP training and ALMP classroom training while hypothesis H3 is rejected. In the case of ALMP workplace training, both hypotheses H1 and H3 are rejected.

To test the hypotheses that the impact of education on unemployment is smaller (H2) or bigger (H4) in labour markets with a high intensity of hiring subsidies compared with labour markets with a low intensity. Table 2 and 3 show that all the estimates for the interaction effects including hiring subsidies are not significantly different from zero. The FEM shows similar results (see Appendix, Table 4). After a visual inspection of the within-country coefficients, the same conclusion is reached in line with the numerical analyses. As a result, we conclude that hiring subsidy intensity is not related to the impact of education on unemployment and both hypotheses H2 and H4 are rejected.

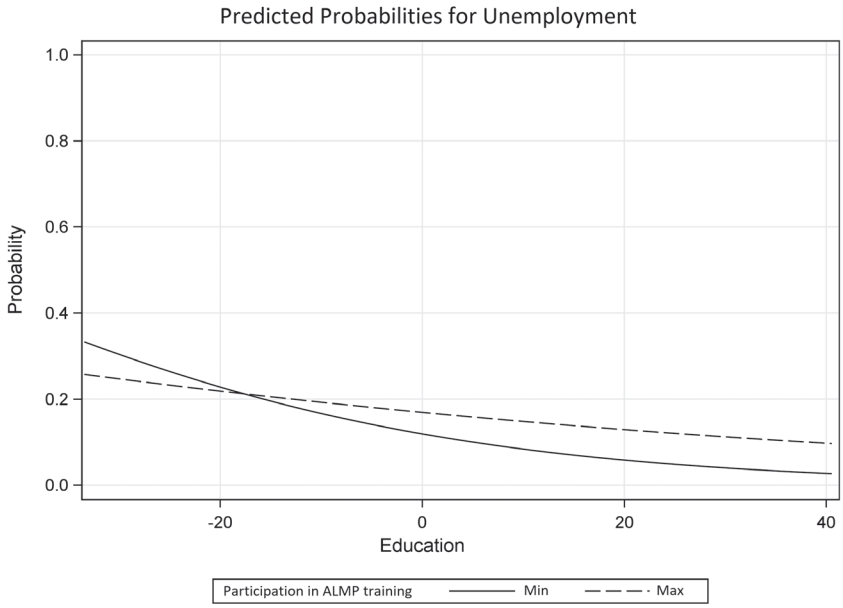


Figure 1: Predicted probabilities for unemployment based on education and differentiated by participation in overall ALMP training

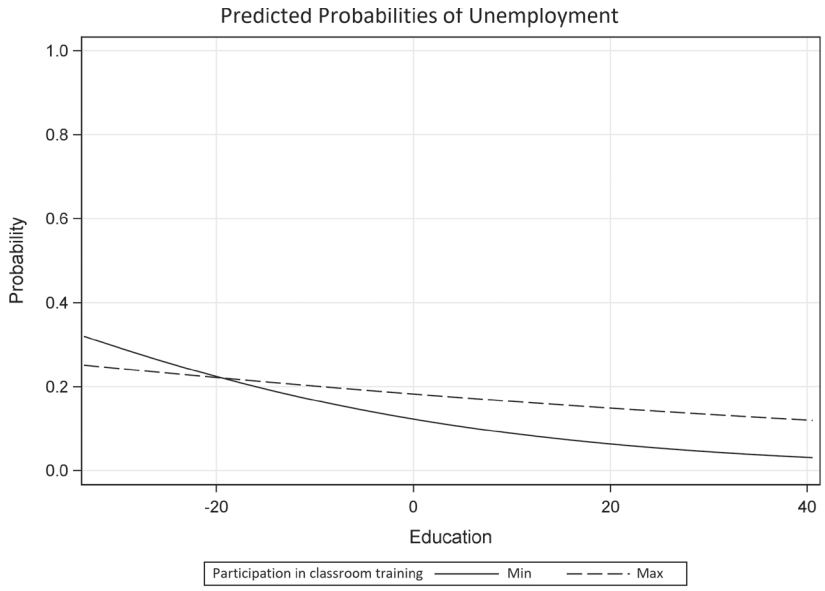


Figure 2: Predicted probabilities for unemployment based on education and differentiated by participation in classroom ALMP training

Table 2: multilevel logistic regression with Kenward-Roger correction on unemployment as dependent variable (ALMP participation indicators)

	Model 1		
	Estimate	**SE**	**OR**
Intercept	-3,246***	(0,148)	
$Education_c$	-0,029***	(0,003)	0,971
$Training_c$ (part)	0,186	(0,175)	1,204
$Education_c$*$Training_c$ (part)	0,011*	(0,004)	1,011
$Classroom_c$ (part)			
$Education_c$*$Classroom_c$ (part)			
$Workplace_c$ (part)			
$Education_c$*$Workplace_c$ (part)			
Hiring $subsidy_c$ (part)			
$Education_c$*Hiring $subsidy_c$ (part)			
Ethnic minority	0,385***	(0,093)	1,470
Female	-0,133**	(0,047)	0,875
Age_c	-0,019***	(0,002)	0,982
Age_c^2	0,002***	(0,000)	1,002
Trade union membership (ref: Yes, currently)			
Yes, previously	1,168***	(0,096)	3,215
No	0,968***	(0,083)	2,632
Variance			
Intercept	0,296		
$Education_c$	0,000		
N	18172		
Groups	19		

Note: * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$. Source: ESS 2010 and OECD, own elaboration.

Model 2			Model 3			Model 4		
Estimate	**SE**	**OR**	**Estimate**	**SE**	**OR**	**Estimate**	**SE**	**OR**
-3,248***	(0,148)		-3,237***	(0,151)		-3,240**	(0,149)	
-0,029***	(0,003)	0,971	-0,029***	(0,003)	0,972	-0,029**	(0,003)	0,972
0,242	(0,239)	1,274						
0,012*	(0,005)	1,013						
			-0,043	(0,355)	0,958			
			0,015	(0,008)	1,015			
						0,107	(0,123)	1,113
						0,001	(0,003)	1,001
0,386***	(0,093)	1,471	0,387***	(0,093)	1,472	0,388***	(0,093)	1,474
-0,133**	(0,047)	0,876	-0,133**	(0,047)	0,876	-0,132**	(0,047)	0,876
-0,019***	(0,002)	0,981	-0,019***	(0,002)	0,982	-0,019***	(0,002)	0,982
0,002***	(0,000)	1,002	0,002***	(0,000)	1,002	0,002***	(0,000)	1,002
1,168***	(0,096)	3,215	1,163***	(0,096)	3,198	1,164***	(0,096)	3,201
0,968***	(0,083)	2,633	0,964***	(0,083)	2,622	0,965***	(0,083)	2,624
0,295			0,310			0,297		
0,000			0,000			0,000		
18172			18172			18172		
19			19			19		

Conclusion and discussion

The study utilises job competition theory and cumulative (dis)advantage theory, as a contrast to human capital and signalling theory, to formulate hypotheses about the potential effects that both ALMP programmes have on the impact of education on the unemployment risk. This study finds that hiring subsidy intensity is not associated with the relation between education and unemployment during an economic downturn. Nonetheless, training programmes do seem to affect the impact education has on unemployment. Besides studying training programme spending and participation in general, a distinction was made between classroom training and workplace training. Higher levels of overall ALMP training programme intensity seems to be related to an improved labour market position of lesser educated people and a weaker labour market position of people who are highly educated. The results support job competition theory, which states that the strength of labour market signals is always relative to those of others. Thus, when the employment probability of one increases through a strengthening of the labour signal as the result of human capital development, those of others decrease. This implies that downward substitution is reduced, and the unemployment risk is distributed more evenly across educational groups. The higher educated are less likely to obtain a job with lower qualification requirements because of the stronger position of the lesser educated. Other researchers present similar findings. For instance, Bennet (2016) shows that with stricter employment protection legislation the less educated have a lower probability of becoming unemployed, while at the same time stricter EPL is associated with a higher unemployment risk for the highly educated.

Furthermore, no support was found that cumulative advantages associated with the higher educated decreased their unemployment risk further or that cumulative disadvantages of the lesser educated increased their unemployment risk. Micro-level processes such as creaming practices, the more positive predisposition to learning by the higher educated, the negative effects of mandatory participation or the increased probability of activation programme eligibility by the higher educated do not seem to result in a Matthew effect on the macro-level. However, as this study only investigates training programmes and hiring subsidies, it might be possible that other programmes induce a Matthew effect. Nonetheless, the results indicate that human capital theory is somewhat limited in its explanatory power concerning the relationship between education and unemployment. Although its core premise, that upskilling leads to a stronger labour market position, seems to hold but this mechanism operates in a social context and therefore affects others also.

Policymakers should be aware that non-participants can also be affected by policy interventions and improving the labour market position of one group might deteriorate to the position of another group. Thus, training programmes can be used to strengthen

the position of people with less education during an economic downturn but, at the same time, these programmes seem to increase unemployment among people with higher education. This might be somewhat problematic in labour markets that focus more heavily on knowledge production due to the negative consequences of unemployment, such as skill deterioration. This might hamper economic productivity due to reduced labour supply when the economy starts to recover.

This study is not without limitations. Within my theoretical expectations, implicit assumptions are made that the unemployed of various educational groups actually use the ALMP programmes available to them. However, data on individual utilisation of ALMP programmes is not included in the analytical framework. Thus, we do not know how higher ALMP intensity on the national level influences the use of ALMP programmes on the individual level. Future research should focus on how the configuration of the ALMPs might affect the way ALMP programmes are used by the lesser and higher educated. Furthermore, the indicators used to provide a measurement of ALMP intensity on the national level are very broad. We only know there is a difference in intensity, but we do not know how these measures are implemented. This loss of detail might affect the analysis. Research shows that ALMP resources are not always translated into high-quality services (Sztandar-Sztanderska, 2009) and the user-officer relation can influence the outcomes (Coletto & Simona, 2018). Biased estimates could be obtained due to the use of broad measures. Furthermore, causal claims cannot be made. As institutional configurations are strongly correlated over time, lagging the variables does not completely eliminate causality problems. Policies and socio-economic patterns are bi-causally related as policies might affect employment outcomes but, for instance, high unemployment rates might provoke a political demand to change the ALMP policy mix. Future research should focus on distilling the causal effects of ALMPs by using, for instance, instrumental variables or panel data. Although this study has limitations, we feel that useful and interesting results are obtained that contribute to discussions on the socio-economic consequences of educational attainment and the efficacy of ALMP programmes.

Appendix

Table 3: multilevel logistic regression with Kenward-Roger correction on unemployment as dependent variable (ALMP spending indicators)

	Model 5			Model 6		
	Estimate	**SE**	**OR**	**Estimate**	**SE**	**OR**
Intercept	-3,244***	0,144		-3,246***	0,148	
$Education_c$	-0,029***	0,003	0,971	-0,029***	0,003	0,972
$Training_c$ (spend)	1,841	1,127	6,302			
$Education_c$*$Training_c$ (spend)	0,071*	0,026	1,074			
$Classroom_c$ (spend)				1,358	1,415	3,886
$Education_c$*$Classroom_c$ (spend)				0,076*	0,032	1,079
$Workplace_c$ (spend)						
$Education_c$*$Workplace_c$ (spend)						
Hiring $subsidy_c$ (spend)						
$Education_c$*Hiring $subsidy_c$ (spend)						
Ethnic minority	0,387***	0,093	1,472	0,387***	0,093	1,473
Female	-0,134**	0,047	0,875	-0,134**	0,047	0,875
Age_c	-0,019***	0,002	0,982	-0,019***	0,002	0,982
Age_c^2	0,002***	0,000	1,002	0,002***	0,000	1,002
Trade union membership (ref: Yes, currently)						
Yes, previously	1,173***	0,096	3,230	1,170***	0,096	3,221
No	0,974***	0,083	2,649	0,972***	0,084	2,642
Variance						
Intercept	0,2702			0,2944		
$Education_c$	0,0001			0,000107		
N	18172			18172		
Groups	19			19		

Note: * p < 0.05, ** p < 0.01, *** p < 0.001. Source: ESS 2010 and OECD, own elaboration.

Model 7			Model 8		
Estimate	**SE**	**OR**	**Estimate**	**SE**	**OR**
-3,219***	0,138		-3,240***	0,151	
-0,029***	0,003	0,972	-0,029***	0,003	0,972
7,092*	3,178	1202,190			
0,109	0,089	1,115			
			0,241	1,198	1,273
			0,011	0,031	1,011
0,387***	0,093	1,473	0,387***	0,093	1,473
-0,132**	0,047	0,876	-0,132**	0,047	0,876
-0,019***	0,002	0,982	-0,019***	0,002	0,982
0,002***	0,000	1,002	0,002***	0,000	1,002
1,164***	0,096	3,202	1,163***	0,096	3,201
0,959***	0,083	2,610	0,965***	0,083	2,625
0,2366			0,3085		
0,000145			0,000146		
18172			18172		
19			19		

Table 4: conditional (fixed effects) logistic regression with unemployment as dependent variable

	Model 1	**Model 2**	**Model 3**
$Education_c$	-0.0279***	-0.0278***	-0.0274***
	(0.00149)	(0.00148)	(0.00146)
$Education_c$* $Training_c$ (spend)	0.0368**		
	(0.0137)		
$Education_c$* $Training_c$ (part)		0.00579**	
		(0.00211)	
$Education_c$*$Classroom_c$ (spend)			0.0433*
			(0.0171)
$Education_c$*$Classroom_c$ (part)			
$Education_c$*$Workplace_c$ (spend)			
$Education_c$*$Workplace_c$ (part)			
$Education_c$*Hiring $subsidy_c$ (spend)			
$Education_c$*Hiring $subsidy_c$ (part)			
Ethnic minority	0.382***	0.383***	0.383***
	(0.0927)	(0.0927)	(0.0928)
Female	-0.130**	-0.129**	-0.130**
	(0.0472)	(0.0472)	(0.0472)
Age_c	-0.0184***	-0.0186***	-0.0186***
	(0.00202)	(0.00202)	(0.00202)
Age_c^2	0.00187***	0.00187***	0.00188***
	(0.000162)	(0.000162)	(0.000163)
Trade union membership (ref: Yes, currently)			
Yes, previously	1.176***	1.171***	1.174***
	(0.0961)	(0.0960)	(0.0960)
No	0.980***	0.972***	0.975***
	(0.0833)	(0.0832)	(0.0833)
N	18172	18172	18172
pseudo R^2	0.078	0.078	0.078

Standard errors in parentheses; * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$. Source: ESS 2010 and OECD, own elaboration.

Model 4	Model 5	Model 6	Model 7	Model 8
-0.0274***	-0.0277***	-0.0273***	-0.0270***	-0.0274***
(0.00146)	(0.00156)	(0.00145)	(0.00145)	(0.00147)
0.00718*				
(0.00280)				
	0.0426			
	(0.0393)			
		0.0113**		
		(0.00435)		
			0.0166	
			(0.0167)	
				0.00126
				(0.00102)
0.384***	0.387***	0.386***	0.389***	0.391***
(0.0927)	(0.0926)	(0.0928)	(0.0927)	(0.0927)
-0.128**	-0.127**	-0.129**	-0.127**	-0.127**
(0.0472)	(0.0472)	(0.0472)	(0.0472)	(0.0472)
-0.0187***	-0.0185***	-0.0186***	-0.0186***	-0.0186***
(0.00202)	(0.00202)	(0.00202)	(0.00202)	(0.00202)
0.00188***	0.00186***	0.00186***	0.00186***	0.00186***
(0.000163)	(0.000162)	(0.000163)	(0.000163)	(0.000162)
1.170***	1.173***	1.169***	1.168***	1.167***
(0.0960)	(0.0962)	(0.0961)	(0.0961)	(0.0962)
0.969***	0.977***	0.969***	0.969***	0.969***
(0.0832)	(0.0834)	(0.0833)	(0.0834)	(0.0834)
18172	18172	18172	18172	18172
0.078	0.078	0.078	0.078	0.078

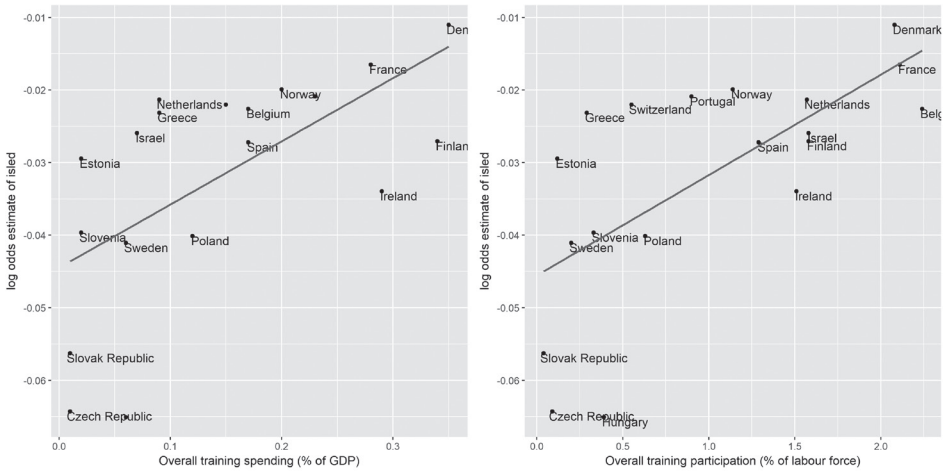


Figure 3: within-country coefficients of education of unemployment and overall ALMP training effort

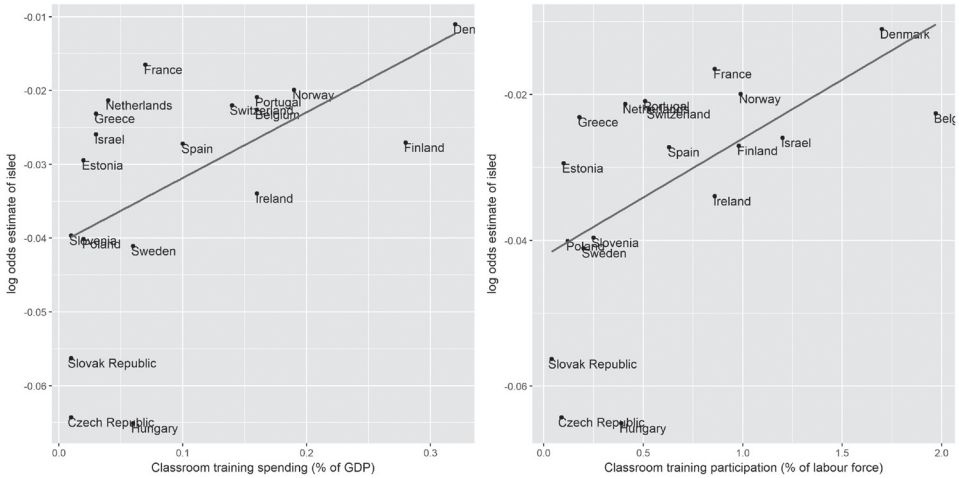


Figure 4: within-country coefficients of education of unemployment and classroom ALMP training effort

Chapter 5

Active labour market policy as a socialising agent

This chapter is co-authored by Ferry Koster and Romke van der Veen. A slightly different version of this paper is published as: Benda, L., Koster, F and van der Veen, R.J. (2018) Active labour market policy as a socialising agent: a cross-national analysis of learning attitudes. Studies in Continuing Education. Forthcoming.

Introduction

This study shows that active labour market policies (ALMPs) on the country-level are associated with differences in learning attitudes at the individual level. ALMPs aim to actively integrate people into the labour and contribute to economic growth and social inclusion (Morel et al., 2012). Most of ALMP research focuses on socioeconomic effects of specific programmes, such as differences in unemployment risks and income (for review studies, see Brown & Koettl, 2015; Calmfors, Forslund, & Hemström, 2001; Martin & Grubb, 2001) and do not address potential cultural consequences. These studies are often based on theoretical frameworks in which external incentives are believed to influence social behaviour by altering costs and benefits. Institutional theory argues that institutions themselves contain cognitive-cultural and normative dimensions alongside the presumed regulative dimension. Institutions structure internalised norms of individuals and provide mutual understanding and shared cognitive frameworks alongside formal and informal rules that aim to structure social behaviour through external coercion (Scott & Davis, 2016). This implies that institutional differences in labour markets are also associated with dispositional differences. Socialisation theory, with its focus on the transfer and internalisation of norms, values, and cognitive frameworks, helps to understand these differences.

Socialisation is a process integrating people into social groups such as generations and social classes by incrementally restricting the behavioural and dispositional options of individuals. At the same time, individuals are prepared for the roles they are expected to fulfil. As a result, individuals are enabled to act according to the behavioural and dispositional norms of a specific group. This is a process that starts from birth and develops through observation and imitation, where various aspects of behaviour and personality are reinforced by the group, leading to the internalisation of value systems and behavioural patterns (Singh-Manoux & Marmot, 2005). Primary and secondary phases of socialisation can be distinguished, with different socialising agents playing a dominant role in each phase. Socialising agents are groups or contexts that significantly influence or direct the socialisation process (Giddens, 2009). In the context of learning and education, the family is an important socialising agent during the primary socialisation phase that takes place during early childhood (Bernstein, 1971; Bourdieu, 1984; Breen & Goldthorpe, 1997). Institutions of education are important socialising agents during an individual's secondary socialisation phase (Parsons & Platt, 1970).

This study focuses on how differences in learning attitudes that are caused by being exposed to varying socialising agents during childhood are affected by labour market institutions. More specifically, we investigate how institutional structures of national labour markets with various degrees of ALMP training programme effort affect differences in learning attitudes of individuals. This study follows the call of Clasen, Clegg and

Goerne (2016) for increased use of disaggregated data for ALMP indicators at the macro-level. The common practice in comparative research is to view ALMPs as a single policy type. However, ALMPs consist of multiple types of programmes such as employment programmes, training programmes and job search assistance. These programmes have varying goals, namely increasing labour demand, enhancing and increasing labour supply and improving labour market matching (Brown & Koettl, 2015). Bonoli (2010) shows that countries use ALMP programmes in different degrees. These cross-country differences do not necessarily follow the lines of welfare regimes. For instance, Scandinavian countries tend to focus more on upskilling in their ALMP strategy than other countries. However, differences in spending patterns are observed between the Scandinavian countries as well. As research shows that the effects of different programmes vary (Sianesi, 2008), it is therefore important to make an analytical distinction between the types of ALMP programmes. Of the different ALMPs, training programmes focus most strongly on active learning and learning attitudes matter more in the efficacy of training programmes compared to other activation programmes. Hence, if an impact of ALMPs is to be found, it should be in the area of these training programmes. Therefore, this study focuses on differences in ALMP training programme effort only.

This study contributes to policy debates on educational inequalities in a labour market context. It is argued that, besides being in a structural position that provides fewer training opportunities (Lindsay, Canduela, & Raeside, 2013; Sutherland, 2016), lesser educated people are more negatively psychologically predisposed to training than higher educated people (Fouarge et al., 2013; Illeris, 2006). As the learning attitude is positively related to participation (Cieslik, 2006; Illeris, 2006) and performance (Hui, Mai, Qian, & Kwok, 2018) in educational activities, reducing the dispositional difference between lower and higher educated people should contribute indirectly to a more inclusive labour market, which is in line with the policy aim of ALMPs. Figure 1 shows that lesser educated people tend to participate more in labour market training in countries that invest more in ALMP training programmes. This implies that attitudinal differences exist between comparable individuals in varying countries, which is related to the institutional structure of the labour market. The research question of this study is: *How are differences in learning attitudes based on educational differences influenced by ALMP training programme effort at the macro-level?*

This article is structured as follows. In the first section, we discuss the effects of different socialisation processes on learning attitudes. We then outline the data and the methods used for this study, which is followed by a presentation of the results of our analysis. The paper ends with a conclusion and a discussion of the results and their theoretical implications.

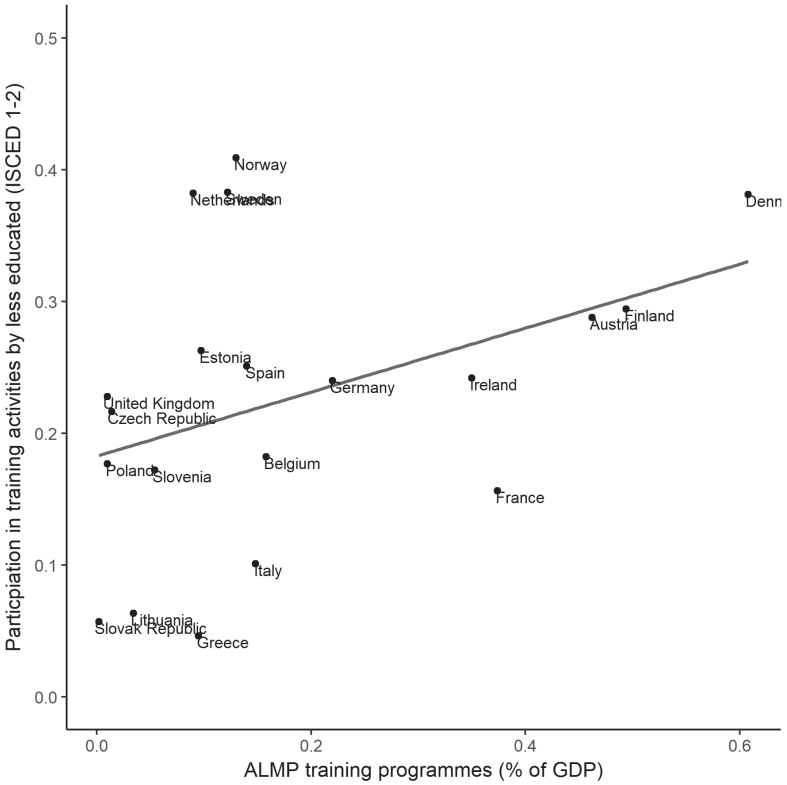


Figure 1: Participation of less educated people in training activities and ALMP training programme effort (average 2011-2015)

Source: PIAAC, own calculations. Training activities consist of open or distance education, on-the-job training, seminars or workshops, and private lessons.

Early life socialisation and learning attitudes

Generally, two theoretical perspectives try to explain how familial socialisation affects life choices and opportunities, namely cultural reproduction theory and rational action theory. Both perspectives argue that education is valued differently in the socialisation processes of the lesser and higher educated. During primary socialisation, a child internalises general societal norms in order to become a member of society. This internalisation is mediated by the position of the family within the larger social system. A child from a lower socio-economic class, for instance, develops a societal view from a lower class perspective and, thus, develops different societal views than that of a child from an upper-class background (Berger & Luckmann, 1966).

Cultural reproduction theory argues that socialisation processes, among other things, support the maintenance or improvement of the structural position of the social group. As educational attainment is an important determinant of socio-economic position, it follows that children of highly-educated parents are socialised in a manner that reduces the cultural distance between the child and the educational system (Bourdieu, 1984). Their socialisation environment shows more resemblance in expected behavioural, attitudinal and linguistic competencies, which are then valued and further developed throughout their educational career (Bernstein, 1971). Because education is reinforced by their privileged social position, individuals with highly-educated parents tend to have a more proactive learning attitude. Rational action theory reaches a similar conclusion. Breen and Goldthorpe (1997) argue that the avoidance of status demotion, instead of status improvement, is key in the cost and benefit analyses of educational decisions. The costs tend not to outweigh the benefits for lesser educated people when they generally possess fewer resources and have a lower probability of success. In order to maintain their status, people of a lower socio-economic class need less education than people from a higher socio-economic background. This implies that education is of lesser importance to lesser educated people than to people with higher education because their relative risk of status loss is much lower. Not only is the socialisation process differently organised in a cultural sense, but education as a whole is valued differently between educational groups and plays, therefore, a different role in their socialisation processes.

Empirical research supports the idea that family background is a strong predictor for the educational dispositions of people. For instance, studies show that parental attitudes predict the orientation of their children in adult life (Glass, Bengtson, & Dunham, 1986), that status demotion avoidance is a relevant factor in educational decisions and the cost-benefit considerations are influenced by social class (Stocke, 2007). Furthermore, Finger (2016) shows that the educational level of the parents is also a determinant in the college application intentions of students. Overall, there is evidence that people have a more proactive learning attitude if their parents are highly educated.

Primary and secondary socialisation are connected since secondary socialisation builds on the internalised behaviour and norms that are acquired during primary socialisation (Berger & Luckmann, 1966). This implies that educational careers are influenced by the primary socialisation process and, in turn, learning attitudes later in life are influenced by the educational career of the individual. The content of the learning process in the educational system differs between the higher and lesser educated, which contribute to differences in the learning attitudes between both groups. Parsons and Platt (1970) argue that learning consists of two interconnected processes, namely a cognitive process and the process of internalising norms and values. The cognitive process is aimed at developing skills to solve cognitive problems and internalising cognitive content. As higher educated

people are trained to solve more complex intellectual problems, it can be assumed that these acquired skills are also used for their own purposes during their educational career. This implies that their experiences in the educational system are in general more positive and enjoyable compared to those of the lesser educated. These positive experiences translate to a more proactive learning attitude beyond their educational career. Conversely, several studies (Cieslik, 2006; Illeris, 2003, 2006) show that people with less education often refer to negative learning experiences during their formal educational years as the reason for non-participation in training programmes. Furthermore, higher educated people are exposed to the specific norms and values of whatever tier of the educational system they are in. Such norms and values tend to differ from the educational tier lesser educated people are in. As the norms and values of the higher education system are more based on knowledge production (Parsons & Platt, 1970), it follows that they develop a more proactive learning attitude than the lesser educated. Thus, both primary socialisation and secondary socialization processes are more likely to contribute to a more proactive learning attitude for the higher educated compared to those with a lower level of education.

Working life socialisation and ALMP training effort

Internalisation processes do not stop after the period of full-time education, since people internalise norms and values during their working life too (Saks & Ashforth, 1997). This implies that the norms and cognitive schema that are encapsulated in ALMP training programmes influence the relationship between one's family background, one's own educational attainment and one's learning attitude. High levels of ALMP training programme effort at the national level communicates the conviction that continuous learning is essential to stay attached to the labour market and improves future job prospects in a changing labour market. Additionally, ALMP training programmes are not only aimed at reducing external barriers, such as enrolment costs, but are also often designed to reduce internal barriers, for example, by offering modular learning programmes and rewarding them more swiftly (Lavrijsen & Nicaise, 2017). The socialising activities within ALMP training are designed to address attitudinal discrepancies between the individual and the environment. Internalisation processes are not only accomplished through direct experiences but also through observation and interaction with others (Singh-Manoux & Marmot, 2005). This implies that learning attitudes are positively affected not only through participation in ALMP training programmes but also through interactions with peer groups, case managers and employers. For example, Cieslik (2006) illustrates this principle with a respondent that positively changed his learning attitude and identity not only under the influence of changing labour market conditions and learning opportunities but also through interactions with family members and colleagues.

Employers can also influence learning attitudes. Political economists identify the employer as a key actor in training systems (Busemeyer, 2009; Hall & Soskice, 2001). Employers can influence learning attitudes because people are exposed to learning values in the workplace. Following socialisation rationale, it is logical to assume that employers have internalised more pro-learning values in labour markets with high levels of ALMP training than those in low-effort countries, due to their exposure to public and policy debates. In this context, employers could also function as a socialising agent towards their employees through the implementation of training policies and the instigation of debates on the work floor. Furthermore, some ALMP training programmes take place in the workplace. It is often argued in the evaluation literature on ALMP training programmes that on-the-job training is more effective compared to traditional classroom training (Brown & Koettl, 2015). This difference in effectiveness is explained through the increased amount of information the employer and programme participant can obtain on the other party, which makes a successful long-term match more likely (Carling & Richardson, 2004). This higher probability of success increases the probability that participation is perceived as meaningful and therefore contributes to a positive learning attitude. Another potential effect of on-the-job training is that it more closely matches the learning identity of programme participants than classroom training does. Lesser educated people often refer to negative experiences with learning during their earlier life as a reason for non-participation in work-related training opportunities (Cieslik, 2006; Illeris, 2006). Furthermore, some groups of participants with formerly-successful careers who are then put in an unmarketable position have built up an identity as a valuable employee and productive citizen. Being forced in the subordinate role of pupil again is experienced as negative because it conflicts with their current identity (Illeris, 2006). Workplace training is less associated with a traditional schooling environment and learning activities within workplace training have a higher probability of being perceived as meaningful. This implies that institutional structures that primarily rely on ALMP-funded workplace training have a different effect on the learning attitude of participants with a weaker labour market position than those which rely primarily on ALMP-funded classroom training.

However, participation in and social interactions with others in relation to ALMP training programmes do not necessarily imply a positive change in the learning attitude for all. Studies show mixed results regarding the effectiveness of ALMP training programmes (Carling & Richardson, 2004) and positive effects tend to manifest over longer periods of time (Strandh & Nordlund, 2008). One of the criticisms of ALMP training is that those with more education are more often selected for participation than those who have less education, i.e. creaming (Brown & Koettl, 2015). This implies that those who already possess a proactive learning attitude are more exposed to pro-learning norms and values and have a higher chance of experiencing positive effects of such programmes. Additionally,

not all training programmes are aimed at the development of human capital since some are also used to keep the unemployed with limited labour opportunities busy (Bonoli, 2010). A potential consequence is that participation is perceived as useless, which translates to a more negative attitude to learning through direct participation or through interactions with peers. Another aspect of ALMP training that may contribute to a more negative learning attitude is compulsory participation, such as when participation is required in order to stay eligible for unemployment benefits and assistance. Research (Illeris, 2003) shows that adult learners are less inclined to demonstrate genuine and proactive learning behaviour if they do not perceive the learning activity as meaningful. Being forced to participate might further impair the learning attitude of those who already perceive learning in a negative way. Thus, although increased ALMP training effort may propagate pro-learning values it might also be associated with the formation of more negative learning attitudes due to negative personal experiences and the negative experiences of the peers of those who are predisposed to a negative learning attitude. As a result, attitudinal differences become larger because those who are positively-predisposed to learning acquire a more positive learning attitude, while those who are negatively-predisposed acquire a more negative learning attitude.

Because institutions influence attitudes and cognitive frameworks (Scott & Davis, 2016), it is expected that the effect of the educational background on learning attitudes partly depends on the institutional structure of the labour market in which people are embedded. For example, people with a lower education who live in a country that puts more effort in ALMP training programmes have a higher chance of being confronted with pro-learning values and training experiences (good or bad) by others than comparable individuals in low-effort countries. Thus, we expect that depending on the configuration of the institutional structure people are more or less likely to be affected by social mechanisms (institutional embeddedness) that affect the learning attitude. However, ALMP training programmes are not the only macro-level factors that might influence learning attitudinal differences between various social groups. For example, early childhood education policies aim to reduce the social reproduction of inequality during the primary socialisation phase (Morel et al., 2012), and characteristics of the educational system, such as tracking, also influence learning attitudes (Lavrijsen & Nicaise, 2017). However, being exposed to new training opportunities and the conviction that learning new skills improve one's labour market position in the context of structural labour market changes is shown to affect learning attitude and identity (Cieslik, 2006). Although ALMP training programmes might be a part of a broader institutional framework that promotes lifelong learning or influences the learning attitude in earlier socialisation phases, it is still expected that ALMP training programme effort has a contextual effect on learning attitudes due the implied link between learning and labour market opportunities.

To conclude, the combined insights from socialisation theory and evaluations studies do not provide a clear indication of whether differences between people with lesser education and higher education become smaller or bigger under the influence of ALMP training programme effort. Furthermore, the training programme design might be an influential factor in how learning attitudes are affected, depending on whether it takes place primarily in the workplace or in the classroom. This all results in the following hypotheses:

- The difference in learning attitudes of people with less education compared to those with high education (H1a), as well as between people with higher- and lesser-educated parents (H1b), varies between countries based on ALMP training programme effort.
- The difference in learning attitudes of people with less education compared to those with high education (H2a), as well as between people with higher- and lesser-educated parents (H2b), varies between countries based on ALMP workplace training programme effort.
- The difference in learning attitudes of people with less education compared to those with high education (H3a), as well as between people with higher- and lesser-educated parents (H3b),varies differs between countries based on ALMP classroom training programme effort.

Data and methods

The data used contain both micro- and macro-level measurements. Micro-level data originated from the Survey of Adult Skills (PIAAC), in which cross-sectional data were collected from 2011 to 2015. The total dataset contains around 250,000 observations of people between 16 to 65 years old that were collected in 33 countries. Because this study focuses on the effects of ALMP training policies on the learning attitudes of labour market participants in Europe after the period of secondary socialisation, we only include respondents who were older than 25 and who were part of the labour force. Thus, we selected respondents who were listed as either employed or unemployed; students, apprentices, retired people, permanently disabled people, people in compulsory military or community service, and people providing domestic work or looking after children or family were excluded from the analysis. Macro-level data originated from the OECD database on labour market policies. Only complete cases were included in our analysis, which resulted in a sample of 64,158 observations from 19 countries.

Variables

The dependent variable in this study is the degree to which one possesses a proactive learning attitude. Six items were used to create a scale to measure a respondent's learning

attitude: When I hear or read about new ideas, I try to relate them to real-life situations to which they might apply; I like learning new things; When I come across something new, I try to relate it to what I already know; I like to figure out how different ideas fit together; I like to get to the bottom of difficult things and If I don't understand something, I look for additional information to make it clearer. The items were measured on a Likert-scale with the following options: not at all (1), very little (2), to some extent (3), to a high extent (4) and to a very high extent (5). A principal component analysis showed that these items contain only one component with an eigenvalue of 3.427, with component loadings ranging from 0.693 to 0.8. The internal consistency of the scale is checked by country as it might differ between them. All Cronbach's alphas had acceptable levels, ranging from 0.79 to 0.91. The component score was calculated as the average of the six items.

The main independent variables are one's own level of educational attainment; educational attainment of one's parents; and the level of one's country's ALMP training programme effort. Educational attainment was measured using the ISCED framework. Three educational groups were created, namely low, middle and high. Lesser educated are people with low secondary education or less, corresponding to the ISCED categories 1, 2, 3-C-short. Middle educated are people with upper secondary education or post-secondary but non-tertiary education, which corresponds with ISCED categories 3 A-B-C-long, and 4 A-B-C. Higher educated are people with tertiary education, which corresponds with ISCED categories 5A-B and 6. ALMP training policy effort is included in the model as a moderator. It is measured as the public expenditure on training policies that aim to support groups with a disadvantaged labour market position, for instance, the unemployed and the employed-at-risk. Public expenditure was operationalised as the percentage of the gross domestic product of a country. Because data on the micro-level was collected between 2011 and 2015, the mean public expenditure was calculated for that period. ALMP training policy effort was also differentiated into classroom training and workplace training. The OECD provides four indicators for specific ALMP training programmes. The first indicator measures classroom training for programmes in which participants spent 75% or more time in a classroom during their training period. The second measures workplace training, meaning programmes in which participants spent 75% of their time in the workplace. The third measures a hybrid form where participants spent 50% of their time in the classroom and the 50% of their time in the workplace. The last indicator includes spending on apprenticeship programmes that are not a part of the regular educational system. The first indicator was used to measure classroom training and the other three were added together to measure workplace training.

Several control variables were incorporated into the model. Educational attainment and social origin were correlated with the labour market status of a person. Labour market status also influences the probability and exposure to training opportunities of public and

private origin. Labour market status is operationalized as having full-time employment, part-time employment or being unemployed. The economic sector someone works in or used to work (in the case of unemployment) might also be related to the amount of exposure to national training policy and to a subject's learning attitude. Economic sectors are differentiated into private, public and non-profit. Gender was also controlled for by including a dummy variable referring to being male. Age was included in the model as a control variable and also if the respondent is an immigrant was controlled for. Moreover, as Abrassart (2013) argues that the level of cognitive skills differs cross-nationally between lesser educated people and has an impact on their labour market position, literacy and numeracy skill levels were controlled for. PIAAC provides 10 plausible scores for each based on various cognitive tests (for further detail, see OECD [2016]). We averaged these plausible scores to serve as indicators for both literacy and numeracy skills. Both indicators were z-standardised to ease the computational burden. The descriptive statistics of the variables are presented in Table 1.

Table 1: Descriptives

	Mean	**St. Dev.**	**Min**	**Max**
Micro-level (N=64,158)				
Proactive learning attitude	3.718	0.689	1	5
Educational level				
low	0.147		0	1
middle	0.451		0	1
high	0.402		0	1
Educational level mother				
low	0.552		0	1
middle	0.317		0	1
high	0.130		0	1
Educational level father				
low	0.467		0	1
middle	0.363		0	1
high	0.170		0	1
Male	0.512		0	1
Ethnic minority	0.896		0	1
Literacy index	275.475	42.768	87.184	415.639

Table 1: Continued

	Mean	St. Dev.	Min	Max
Numeracy index	275.921	46.425	57.791	444.132
Age				
25-34	0.256		0	1
35-44	0.289		0	1
44-54	0.278		0	1
55+	0.177		0	1
Employment status				
Employed (fulltime)	0.763		0	1
Employed (part-time)	0.149		0	1
Unemployed	0.089		0	1
Economic sector				
Private	0.697		0	1
Public	0.283		0	1
Non-profit	0.021		0	1
Macro-level (N=19)				
Overall spending on ALMP training	0.137	0.153	0.002	0.608
Classroom training	0.094	0.131	0	0.598
Workplace training	0.033	0.039	0	0.150

Method

The dependent variable is measured on a continuous scale and therefore linear regression was the appropriate analytical method. However, due to the clustered structure of the data, where people are clustered into countries, the independence of observations assumption is violated which would result in biased estimates. A common method to analyse clustered data is multilevel modelling (MLM), which accounts for clustering through the inclusion of random variables that capture the amount of variability between the clusters. MLM also estimates fixed effects, which are the estimations of the general relationship between the independent and dependent variables regardless of which cluster a respondent belongs to (Hox, 2010).

Nevertheless, multilevel modelling is criticized in cross-national comparative research for several reasons. First, country-level samples are generally small at 25 or less, due to data availability or analytical scope. This small sample size affects the maximum likelihood

estimation procedure. The result is that standard errors are too narrow and, consequently, p-values are too small. Hence, the probability of Type-I errors is inflated; in other words, the probability is higher that researchers claim that meaningful differences exist while in reality it does not (Bryan & Jenkins, 2016; McNeish, 2017; Stegmueller, 2013). However individual-level fixed effects are trustworthy as long as no random variable is attached to the individual fixed effect in the form of a random slope (Bryan & Jenkins, 2016). McNeish (2017) shows that using a restricted maximum likelihood estimator instead of a full maximum likelihood estimator in combination with a Kenward-Roger correction results in trustworthy results. The Kenward-Roger correction inflates standard errors and adjusts degrees of freedom based on the variability of individual variables. Lower variability results in lesser degrees of freedom. Therefore, our analyses used REML combined with a Kenward-Roger correction to estimate the coefficients.

Another consequence of having a low number of countries was that the degrees of freedom on the second level were low, meaning that few country-level variables could be included in the model. This type of model is prone to omitted variable bias at the country level, which is a second common critique of MLM. Using a fixed effect model (FEM) addressed this problem (Möhring, 2012; Yu, 2015). FEMs are used to account for clustered data by including N-1 cluster dummies (Allison, 2009; Huang, 2016; McNeish & Stapleton, 2016). In the context of cross-national comparative research, N-1 country dummies were included in the model to bring country-specific error estimates into the fixed part of the model. This meant that no heterogeneity existed on the country level and, thus, omitted variable bias on the country level is no longer possible, although omitted variable bias on the individual level is still possible. By including N-1 country dummies in the model, no degrees of freedom were available at the country level (Möhring, 2012). Main country effects on individual outcomes could not, therefore, be included. However, it was possible to include a cross-level interaction, as such an interaction also varies on the individual level (Allison, 2009; McNeish & Stapleton, 2016; Möhring, 2012; Yu, 2015). Although a FEM addresses the omitted variable problem, it tends not to completely control for the within-cluster error correlation. We therefore followed the recommendation to use cluster-robust standard errors (CRSE) in tandem with our FEM (Cameron & Miller, 2015). We also used a saddlepoint correction in combination with the CRSE, which lead to more conservative p-values.

A downside of FEMs when interpreting cross-level interactions is the exclusion of the main effect of the country-level variable, which makes the interpretation of the coefficients less clear. If one is only interested in the difference between slopes, then this is not problematic. However, because we were interested in the attitudinal position of specific groups relative to others, the intercept was needed to arrive at a valid interpretation. Within our multilevel framework, it was possible to include the main effect, and, thus, the

interpretation became more specific. Therefore an MLM was used for the interpretation of the results and a FEM was used to check the robustness of the interaction coefficients.

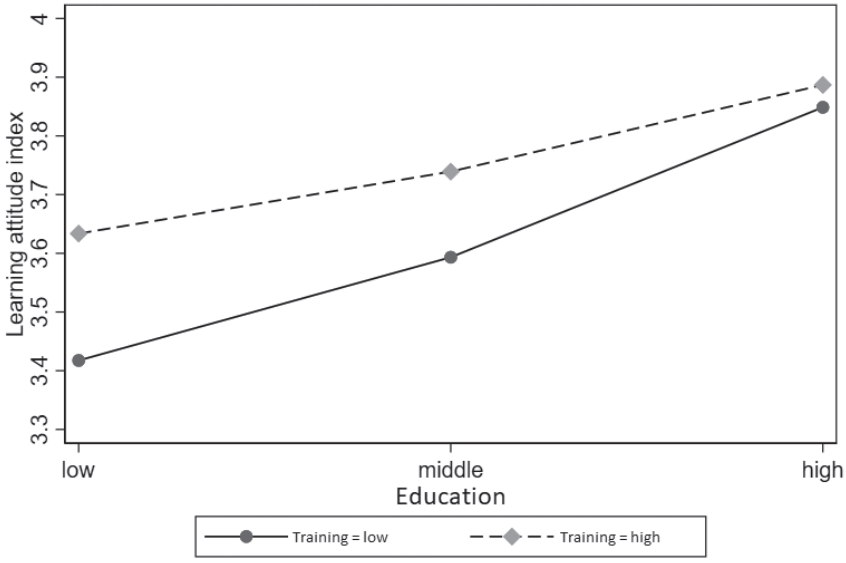
Finally, due to convenience sampling on the country level, the countries in the sample were not random. Hence, the possibility exists that the relationships we found were the product of influential cases and selection processes (Möhring, 2012). Bowers and Drake (2005) advise the use of visualisation techniques to provide additional information on micro-level processes within macro-level units. The main dependent and control variables on the micro-level were estimated for each country using OLS regression, which has the benefit of all slopes being random and which reduces potential omitted variables bias on the micro-level. The coefficients of the educational level and those of parents were extracted from the models and plotted against ALMP training effort variables. This visualised the cross-level interaction we were interested in. Both the FEMs and the visualisations of the cross-level interactions are presented in the appendix.

Results

Hypotheses H1a/b assumed that the difference in learning attitudes based on one's own educational attainment (H1a) and based on the educational level of the parents (H1b) varies according to ALMP training programme effort. The results of model 2 in Table 2 (see Appendix) show that one's educational level and that of one's parents positively relate to learning attitudes. Model 2 shows that the difference between less educated people and higher educated people is negatively moderated by ALMP training policy effort ($b=-0.572, p<0.05$). The same pattern is observed concerning the attitudinal difference between people with a middle and a lesser education, but the effect is not significant ($b= -0.220, p>0.05$). The analysis also shows that the learning attitude of the less educated is on average higher in countries that spend more on ALMP training than the less educated in countries with low spending levels ($b=0.683, p<0.05$). Figure 2 visualises how the relationship between education and the learning attitude is influenced by low and high ALMP training effort. The low value corresponds with the first quantile of the ALMP training distribution and the high value corresponds with the third quantile[5]. This figure shows that the slope is less steep when ALMP training effort is relatively high, which means that the difference in learning attitudes is smaller. Also, the less educated have a more proactive learning attitude in countries with more ALMP training policy effort compared to countries with less national training policy effort.

Figure 2: Effect plot of education on the learning attitude by ALMP training programme spending

5 This also applies for figures 3 to 6 but the high and low values in Figures 5 and 6 are based on the ALMP workplace training distribution.



It was also expected that differences in learning attitudes based on the educational level of the parents is influenced by ALMP training programme effort (H1b). Model 3 and 4 (Table 2) show that the effect of parents' educational level of is moderated by ALMP training programme effort. The differences in learning attitudes between people with a higher or middle educated father and people with a lesser educated father are smaller in countries that put more effort in ALMP training policies compared to countries that put in less effort (respectively, *b=-0.399, p<0.05; b=-0.198, p<0.05*). The differences in the attitude to learning between people who have a high or middle educated mother and people who have a lesser educated mother are smaller in countries that put in more effort compared to countries that put in less effort (respectively, *b=-0.372, p<0.05; b=-0.188, p<0.05*). The model also shows that people with a lesser educated father or lesser educated mother have a more proactive learning attitude on average in countries with high spending levels compared to people with a lesser educated father or mother in countries with low spending levels (respectively, *b=0.491, p<0.05; b=0.474, p<0.05*). Figures 2 and 3 illustrate that the effect of the educational level of both parents is less positive when ALMP effort is relatively high. Both figures also show in particular that people with lesser educated parents have a more proactive learning attitude when the level of ALMP training effort is higher.

The FEMs (see Appendix, Table 5) shows comparable interaction coefficients concerning overall spending in training programmes compared to the MLMs. This implies that the interaction coefficient is not influenced by other country-specific characteristics like ECEC policies or elements of the educational system. The visualisation of the cross-

Table 2: Multilevel linear regression with Kenward-Roger correction on learning attitude

	Model 1	**Model 2**	**Model 3**	**Model 4**
Constant	3.538***	3.524***	3.536***	3.535***
	(0.0385)	(0.0456)	(0.0407)	(0.0407)
Education mother (ref: low)				
middle	0.0489***	0.0449***	0.0461***	0.0513**
	(0.00690)	(0.00687)	(0.00693)	(0.0148)
high	0.0975***	0.0862***	0.0881***	0.0923**
	(0.00987)	(0.00984)	(0.00992)	(0.0263)
Education father (ref: low)				
middle	0.0631***	0.0614***	0.0655***	0.0583***
	(0.00670)	(0.00668)	(0.0142)	(0.00673)
high	0.0966***	0.0946***	0.0963**	0.0924***
	(0.00901)	(0.00896)	(0.0272)	(0.00901)
Education (ref: low)				
middle	0.118***	0.141***	0.125***	0.124***
	(0.00815)	(0.0218)	(0.00817)	(0.00817)
high	0.315***	0.341***	0.319***	0.318***
	(0.00917)	(0.0381)	(0.00918)	(0.00918)
Training_c		0.683*	0.491*	0.474*
		(0.246)	(0.215)	(0.215)
Ed. middle*Training_c		-0.220		
		(0.120)		
Ed. high*Training_c		-0.572*		
		(0.210)		
Fath ed middle*Training_c			-0.198*	
			(0.0756)	
Fath ed high*Training_c			-0.399*	
			(0.147)	
Moth ed middle*Training_c				-0.188*
				(0.0787)
Moth ed high*Training_c				-0.372*
				(0.141)
Male	0.00437	0.00575	0.00380	0.00382
	(0.00548)	(0.00547)	(0.00547)	(0.00547)
Age (ref: 25-34)				
35-44	-0.0240***	-0.0196**	-0.0215**	-0.0219**

	Model 1	Model 2	Model 3	Model 4
	(0.00696)	(0.00694)	(0.00695)	(0.00696)
45-54	-0.0525***	-0.0495***	-0.0467***	-0.0476***
	(0.00731)	(0.00729)	(0.00731)	(0.00731)
55+	-0.0562***	-0.0573***	-0.0509***	-0.0510***
	(0.00846)	(0.00844)	(0.00846)	(0.00847)
Economic sector (ref: private)				
public	0.0183**	0.0168**	0.0184**	0.0180**
	(0.00595)	(0.00593)	(0.00594)	(0.00594)
non-profit	0.0493**	0.0476**	0.0477**	0.0469**
	(0.0179)	(0.0178)	(0.0179)	(0.0179)
Employment status (ref: fulltime)				
parttime	-0.0493***	-0.0509***	-0.0519***	-0.0509***
	(0.00764)	(0.00761)	(0.00763)	(0.00763)
unemployed	-0.0270**	-0.0210*	-0.0253**	-0.0247**
	(0.00922)	(0.00919)	(0.00919)	(0.00920)
Migrant	-0.0604***	-0.0601***	-0.0662***	-0.0653***
	(0.00864)	(0.00862)	(0.00865)	(0.00864)
Literacy skills	0.00124	0.00713	0.00534	0.00557
	(0.00636)	(0.00636)	(0.00636)	(0.00636)
Numeracy skills	0.107***	0.102***	0.104***	0.103***
	(0.00654)	(0.00653)	(0.00653)	(0.00653)
Variance				
Intercept	0.0250	0.00759	0.00290	0.00321
Ed middle		0.0257		
Ed high		0.0361		
Fath ed middle			0.0123	
Fath ed high			0.0282	
Moth ed middle				
Moth ed high				0.0282
Indivual	0.405	0.401	0.403	0.403
Observations	64158	64158	64158	64158
Groups	19	19	19	19
AIC	124391.4	123799.4	124120.1	124154.4
BIC	124572.8	124026.2	124346.8	124381.1

Standard errors in parentheses, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

level interaction (see Appendix, Figure 7) of one's own educational attainment with ALMP training programme effort shows a general negative association between within-country estimates and ALMP training spending. Spain, Sweden and Norway seem to fall outside of the general pattern as they have relatively small regression coefficient and also have relatively low spending levels of ALMP training programmes. The plots with within-country effects confirm the results concerning the educational level of parents (see Appendix, Figure 8 and 9). However, in the case of the educational level of the father, Spain, Italy and Norway have a relatively low regression coefficient (lesser vs. higher educated) compared to their spending levels. In the case of the educational level of the mother and its effect on learning attitudes, Austria is an outlier regarding the difference between a lesser- and higher-educated mother. The regression coefficient is relatively large compared to the spending level.

Furthermore, this analysis only focuses on mean differences. It can also be argued that even though lesser educated people have on average a more proactive learning attitude in countries that put more effort in ALMP training, a considerable amount of people still develop a more negative learning attitude. This should result in higher standard deviations within the social groups under study. The standard deviations were estimated per group within each country and were correlated with ALMP training programme spending, and all show a negative relationship (Table 3). To conclude, the results support hypotheses H1a and H1b.

Table 3: Correlates between standard deviations of learning attitude index and ALMP training effort

Group	Education	Education of father	Education of mother
Low	-0.44	-0.54	-0.53
Middle	-0.51	-0.49	-0.50
High	-0.43	-0.43	-0.49

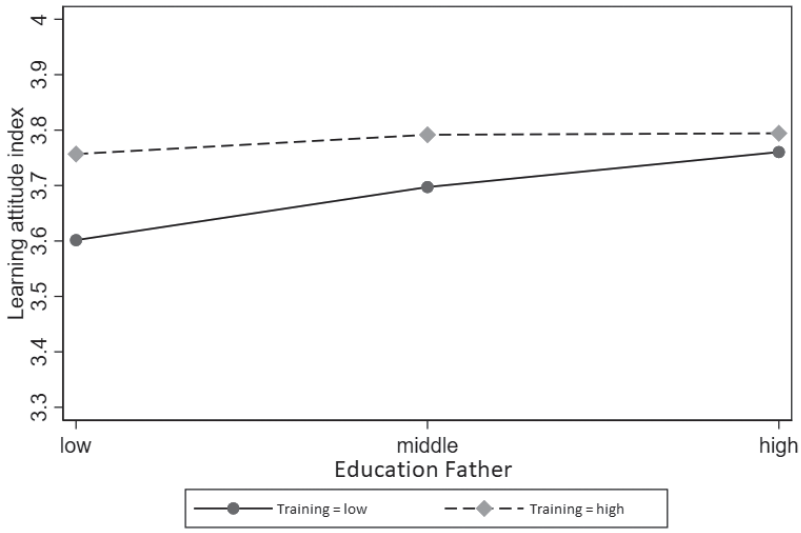


Figure 3: Effect plot of the educational level of the father on the learning attitude by ALMP training programme spending

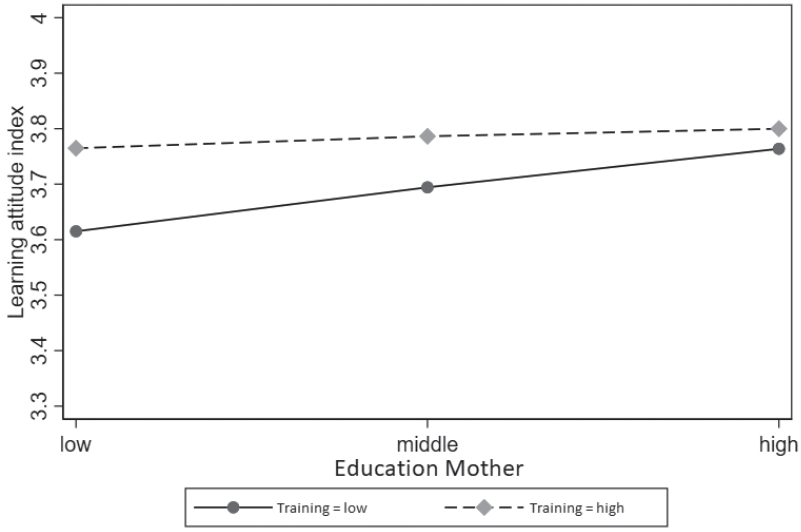


Figure 4: Effect plot of the educational level of the mother on the learning attitude by ALMP training programme spending

Table 4: Multilevel linear regression with Kenward-Roger correction on learning attitude

	Model 1	**Model 2**	**Model 3**
Constant	3.521***	3.532***	3.531***
	(0.0463)	(0.0402)	(0.0401)
Education mother (ref: low)			
middle	0.0449***	0.0462***	0.0518**
	(0.00687)	(0.00693)	(0.0150)
high	0.0862***	0.0881***	0.0936**
	(0.00984)	(0.00992)	(0.0257)
Education father (ref: low)			
middle	0.0615***	0.0663***	0.0587***
	(0.00668)	(0.0144)	(0.00673)
high	0.0947***	0.0983**	0.0927***
	(0.00896)	(0.0272)	(0.00901)
Education (ref: low)			
middle	0.141***	0.125***	0.125***
	(0.0229)	(0.00818)	(0.00817)
high	0.343***	0.320***	0.318***
	(0.0405)	(0.00919)	(0.00918)
$Workplace_c$	2.093	1.939	1.939
	(1.148)	(0.979)	(0.976)
$Classroom_c$	0.534	0.345	0.326
	(0.278)	(0.237)	(0.236)
Ed middle*$Workplace_c$	-0.245		
	(0.577)		
Ed high*$Workplace_c$	-1.050		
	(1.027)		
Ed middle*$Classroom_c$	-0.215		
	(0.140)		
Ed high*$Classroom_c$	-0.501		
	(0.248)		
Fath ed middle*$Workplace_c$		-0.608	
		(0.360)	
Fath ed high*$Workplace_c$		-1.467*	
		(0.690)	
Fath ed middle*$Classroom_c$		-0.156	
		(0.0853)	

	Model 1	Model 2	Model 3
Fath ed high*Classroom$_c$		-0.279	
		(0.164)	
Moth ed middle*Workplace$_c$			-0.651
			(0.375)
Moth ed high*Workplace$_c$			-1.609*
			(0.649)
Moth ed middle*Classroom$_c$			-0.137
			(0.0888)
Moth ed high*Classroom$_c$			-0.232
			(0.153)
Male	0.00573	0.00376	0.00376
	(0.00547)	(0.00547)	(0.00547)
Age (ref: 25-34)			
35-44	-0.0196**	-0.0215**	-0.0219**
	(0.00694)	(0.00695)	(0.00696)
45-54	-0.0495***	-0.0465***	-0.0474***
	(0.00729)	(0.00731)	(0.00731)
55+	-0.0572***	-0.0505***	-0.0506***
	(0.00844)	(0.00846)	(0.00847)
Economic sector (ref: private)			
public	0.0169**	0.0184**	0.0181**
	(0.00593)	(0.00594)	(0.00594)
non-profit	0.0476**	0.0477**	0.0469**
	(0.0178)	(0.0179)	(0.0179)
Employment status (ref: fulltime)			
parttime	-0.0510***	-0.0519***	-0.0509***
	(0.00761)	(0.00763)	(0.00763)
unemployed	-0.0210*	-0.0254**	-0.0248**
	(0.00919)	(0.00919)	(0.00920)
Migrant	-0.0602***	-0.0665***	-0.0656***
	(0.00862)	(0.00865)	(0.00864)
Literacy skills	0.00717	0.00536	0.00549
	(0.00636)	(0.00636)	(0.00636)
Numeracy skills	0.102***	0.104***	0.104***
	(0.00653)	(0.00653)	(0.00653)

Table 4: Continued

	Model 1	Model 2	Model 3
Variance			
Intercept	0.00848	0.00300	0.00329
Ed middle	0.0292		
Ed high	0.0371		
Fath ed middle		0.0123	
Fath ed high		0.0273	
Moth ed middle			0.0103
Moth ed high			0.0272
Individual	0.401	0.403	0.403
Observations	64158	64158	64158
Groups	19	19	19
AIC	123800.8	124119.7	124152.7
BIC	124054.8	124373.7	124406.7

Standard errors in parentheses; $^{*}\ p < 0.05$, $^{**}\ p < 0.01$, $^{***}\ p < 0.001$

It was also assumed that ALMP workplace training programmes influence the learning attitude of individuals with varying educational (H2a) and familial-educational backgrounds (H2b). Table 4 shows that ALMP workplace training does not moderate the relationship between educational level and learning attitude but does moderate the differences in the learning attitudes depending on the educational level of the parent. The attitudinal difference that is associated with having a lesser-educated mother or father compared to having a higher-educated mother or father is negatively moderated by workplace training effort (respectively, *b=-1,609, p<0.05; b=-1.467, p<0.05*). The FEMs also shows that workplace training negatively moderates the relationship between the educational level of both the parents and the learning attitude (see Appendix, Table 6). The plots of regression coefficients show that in general the patterns are negative (see Appendix, Figure 10 and 11). However, in the case of differences between having a less- and highly-educated mother Austria seems to be an outlier with a relative large regression coefficient, and in the case of the father, Norway seems to be an outlier concerning the difference of having a less- or highly-educated father. As a result, we conclude that these results support hypothesis H2b but reject hypotheses H2a.

Hypothesis 3 assumed that differences in learning attitudes based on one's own educational level (H3a) and that of the parents (H3b) is influenced by ALMP classroom training effort. Table 4 shows that ALMP classroom training does not influence the differences in learning attitudes based on the educational level of one's and that of the parents. The FEM (see Appendix, Table 6) also shows that ALMP classroom training

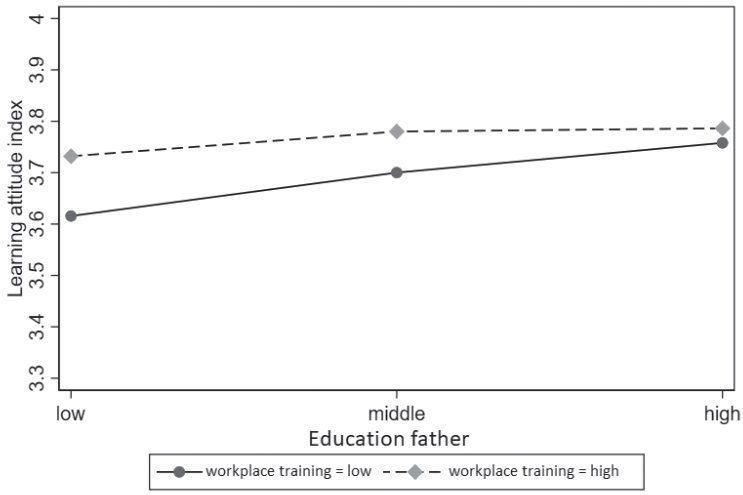


Figure 5: Effect plot of the educational level of the father on the learning attitude by ALMP workplace training programme spending

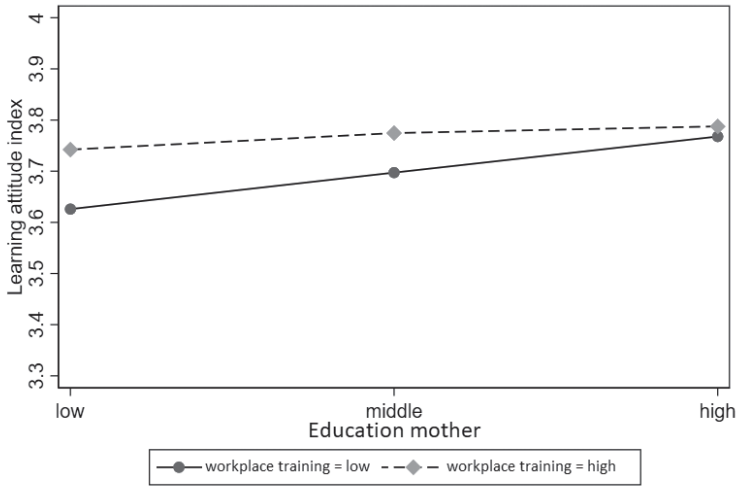


Figure 6: Effect plot of the educational level of the mother on the learning attitude by ALMP workplace training programme spending

does not moderate the relationship between educational level and learning attitude. In the FEM, however, classroom training also seems to moderate the relationship between the educational level of parents and learning attitude. Due to the discrepancy between the MLM and the FEM, we do not consider the result robust enough. Hence, the results do not support H3a/b.

Conclusion and discussion

This study set out to investigate how ALMP training effort at the macro-level is related to differences in learning attitudes at the micro-level. Most ALMP research tends to focus on potential socio-economic effects and utilise theoretical frameworks that are rooted in economic rational choice theories. To provide additional insight into the effects of ALMPs, we focussed on potential cultural effects in the form of attitudinal differences and combined an institutional theoretical perspective with socialisation theory. The results of this study indicate that ALMP training programmes act as a socialising agent with regard to learning attitudes, which supports the idea that human capital theory is limited in explaining learning behaviour and attitudes toward learning and training. By bringing in additional theoretical perspectives, we can better understand the efficacy of ALMP training programmes.

Human capital theory assumes that social actors are rational egoists, which underplays the importance of social and cultural factors in explaining and understanding differences in learning behaviour between people of varying social groups (Fevre et al., 1999). The importance of class and social reproduction is also excluded by human capital theory (Bowles & Gintis, 1975). However, we showed that one's own educational level and the educational background of one's parents influence one's learning attitude later in life. We also showed that learning attitudinal differences tend to be smaller in countries that put more effort into ALMP training programmes in general, as we expected based on socialisation theory. This outcome supports the claim made by other researchers that macro-level institutional structures influence learning attitudes and behaviour (Lavrijsen & Nicaise, 2017; Roosmaa & Saar, 2017; Rubenson & Desjardins, 2009). Both insights show that human capital theory is limited in explaining variations in the effects of ALMPs.

Besides accounting for overall ALMP training effort, this study also differentiated between ALMP classroom training and ALMP workplace training. We not only assumed that the amount of effort influenced learning attitudes but further that specific design features of ALMP training programmes might matter. Our results indicate that workplace training programmes seem to influence the relationship between the educational level of one's parents and the learning attitude. This can be seen as an indication that the type of ALMP training programme, and workplace training in particular, reduces socialisation effects that originate from the primary socialisation phase and which are related to social class.

The insights of this study also suggest that ALMP training programmes can function as cultural platforms that contribute to a national culture that stimulates learning. Proactive learning is depicted in policy debates as a necessary means to capitalise on the transformation of the economy and reduce the reproduction of inequality (Hemerijck, 2017b; Morel et al., 2012). ALMP training programmes seem to reduce dispositional barriers to learning

for groups that commonly report less proactive learning attitudes. ALMP training programmes can also act as a cultural intervention to reduce the inequality of experienced barriers to participation in learning activities, which may eventually improve the labour market position of disadvantaged groups. Moreover, in the evaluation of ALMP training programmes, policymakers might include cultural performance indicators as assessment tools. Instead of solely focussing on socioeconomic criteria, potential cultural effects should also be evaluated because they might indirectly contribute to policy goals that are not specifically linked to the programme in question.

Limitations and future research

Although interesting results were obtained, this study is not without limitations. Due to the cross-sectional nature of the data, causal claims cannot be made. Future research could focus on collecting panel data that contains information on attitudes toward learning and how they develop in various institutional systems depending on social position. Including data on the learning attitude of parents is especially interesting from a socialisation theoretical perspective. Another option would be the use of randomized trials to investigate if exposure to pro-training norms alters attitudes about learning, and, if so, for how long.

Another limitation is the use of a broad measure to identify the efforts governments make on ALMP training policies. This measure only takes the level of spending into account. It is possible that cheaper programmes can still be effective due to specific design characteristics other than those tested in this study. We also did not account for variations within a country. The use of activation measures can differ on regional and municipal levels. The measure does not include the level of spending at levels lower than the national. Spending behaviour of actors other than the government, such as social partners, were also not accounted for.

Future research could utilise a more qualitative approach to provide more detailed information on how ALMPs might influence the learning attitude of participants and non-participants. Quantitative research is very capable of capturing generic patterns but lacks the ability to provide highly-detailed insights. This methodological characteristic might actually favour the expectations of socialisation theory. Socialisation theory is criticised because it does not account well for agency (see for instance Jenk [1966]). Thus, by only focussing on generic patterns minorities that deviate from the norm are easily overlooked. Varieties of capitalism (Hall & Soskice, 2001) also provides an interesting direction for future research. This theory is based on the idea of institutional complementarity, which states that the effect of one institution is influenced by another, such that institutional effects are influenced by their broader institutional framework. In the context of ALMP training programmes, an interesting direction would be an analysis of the institutional configuration

of the welfare state or the structure of the economy in which such programmes are implemented. Specific configurations or elements might strengthen or dampen the effects that ALMP training programmes have on learning attitudes.

Appendix

Table 5: Fixed effects linear regression on learning attitude with saddlepoint correction and CRSE

	Model 1	**Model 2**	**Model 3**	**Model 4**
Intercept	3.512***	3.566***	3.556***	3.541***
	(0.031)	(0.032)	(0.031)	(0.030)
Education mother (ref:low)				
middle	0.049***	0.048***	0.048***	0.052***
	(0.011)	(0.011)	(0.010)	(0.013)
high	0.098***	0.096***	0.096***	0.102***
	(0.021)	(0.020)	(0.019)	(0.022)
Education father (ref: low)				
middle	0.063***	0.062***	0.066***	0.061***
	(0.010)	(0.010)	(0.012)	(0.009)
high	0.097***	0.096***	0.102***	0.096***
	(0.018)	(0.018)	(0.023)	(0.018)
Education (ref:low)				
middle	0.118***	0.122***	0.119***	0.119***
	(0.021)	(0.022)	(0.021)	(0.020)
high	0.315***	0.320***	0.314***	0.314***
	(0.027)	(0.032)	(0.028)	(0.027)
Ed middle*Training$_c$		-0.133		
		(0.108)		
Ed high*Training$_c$		-0.452*		
		(0.186)		
Fath ed middle*Training$_c$			-0.194*	
			(0.079)	
Fath ed high*Training$_c$			-0.361*	
			(0.153)	
Moth ed middle*Training$_c$				-0.183
				(0.086)
Moth ed high*Training$_c$				-0.386*
				(0.148)
Age (ref: 25-34				
35-44	-0.024**	-0.022**	-0.023**	-0.022**
	(0.010)	(0.010)	(0.010)	(0.010)
45-54	-0.052***	-0.051***	-0.050***	-0.050***
	(0.014)	(0.014)	(0.014)	(0.014)
55+	-0.056**	-0.057**	-0.055**	-0.055**

Table 5: Continued

	Model 1	**Model 2**	**Model 3**	**Model 4**
	(0.022)	(0.021)	(0.021)	(0.021)
Male	0.004	0.004	0.004	0.004
	(0.012)	(0.012)	(0.012)	(0.012)
Economic sector (ref: private)				
public	0.018*	0.017*	0.018*	0.018*
	(0.009)	(0.009)	(0.009)	(0.009)
non-profit	0.049***	0.048***	0.048***	0.048***
	(0.014)	(0.014)	(0.014)	(0.014)
Employment status (ref: fulltime)				
parttime	-0.049***	-0.050***	-0.050***	-0.050***
	(0.011)	(0.011)	(0.011)	(0.011)
unemployed	-0.027	-0.026	-0.027	-0.026
	(0.023)	(0.022)	(0.023)	(0.023)
Immigrant	-0.060**	-0.061**	-0.062**	-0.062**
	(0.027)	(0.026)	(0.026)	(0.026)
Literacy	0.001	0.002	0.003	0.003
	(0.026)	(0.026)	(0.026)	(0.026)
Numeracy	0.107***	0.107***	0.106***	0.106***
	(0.029)	(0.029)	(0.029)	(0.029)
+ country dummies				
Observations	64,158	64,158	64,158	64,158
R^2	0.146	0.148	0.147	0.148

Note: *p<0.1; **p<0.05; ***p<0.01

Table 6: Fixed effects linear regression on learning attitude with saddlepoint correction and CRSE

	Model 1	**Model 2**	**Model 3**
Constant	3.567***	3.543***	3.561***
	(0.033)	(0.031)	(0.029)
Education mother (ref: low)			
middle	0.048***	0.095**	0.048***
	(0.011)	(0.023)	(0.010)
high	0.095***	0.190***	0.095***
	(0.020)	(0.039)	(0.020)
Education father (ref: low)			
middle	0.063***	0.063***	0.114***
	(0.010)	(0.009)	(0.023)
high	0.096***	0.096***	0.185**
	(0.018)	(0.018)	(0.044)
Education (ref: low)			
middle	0.149**	0.121***	0.121***
	(0.046)	(0.021)	(0.021)
high	0.412***	0.316***	0.317***
	(0.061)	(0.028)	(0.028)
Ed middle*Workplace$_c$	-0.157		
	(0.549)		
Ed high*Workplace$_c$	-1.018		
	(0.823)		
Ed middle*Classroom$_c$	-0.132		
	(0.098)		
Ed high*Classroom$_c$	-0.383		
	(0.158)		
Moth ed middle*Workplace$_c$		-0.708*	
		(0.294)	
Moth ed high*Workplace$_c$		-1.401*	
		(0.465)	
Moth ed middle*Classroom$_c$		-0.127	
		(0.068)	
Moth ed high*Classroom$_c$		-0.297*	
		(0.121)	
Fath ed middle*Workplace$_c$			-0.707*
			(0.291)

Table 6: Continued

	Model 1	Model 2	Model 3
Fath ed high*Workplace$_c$			-1.263*
			(0.546)
Fath ed middle*Classroom$_c$			-0.149*
			(0.057)
Fath ed high*Classroom$_c$			-0.276
			(0.125)
Age (ref: 25-34)			
35-44	-0.022*	-0.022*	-0.023*
	(0.010)	(0.010)	(0.010)
45-54	-0.051**	-0.050**	-0.050**
	(0.014)	(0.014)	(0.014)
55+	-0.056*	-0.053*	-0.054*
	(0.022)	(0.022)	(0.021)
Male	0.004	0.004	0.004
	(0.012)	(0.012)	(0.012)
Economic sector (ref: private)			
public	0.017	0.018	0.018
	(0.009)	(0.009)	(0.009)
non-profit	0.049**	0.048**	0.048**
	(0.015)	(0.014)	(0.014)
Employment status (ref: fulltime)			
parttime	-0.050***	-0.050***	-0.050***
	(0.011)	(0.011)	(0.011)
unemployed	-0.027	-0.027	-0.027
	(0.022)	(0.023)	(0.023)
Migrant	-0.061*	-0.063*	-0.063*
	(0.026)	(0.026)	(0.026)
Literacy skills	0.002	0.002	0.003
	(0.026)	(0.026)	(0.026)
Numeracy skills	0.106**	0.106**	0.106**
	(0.029)	(0.029)	(0.029)
+ country dummies			
Observations	64,158	64,158	64,158
R^2	0.148	0.148	0.148

Note: *p<0.1; **p<0.05; ***p<0.01

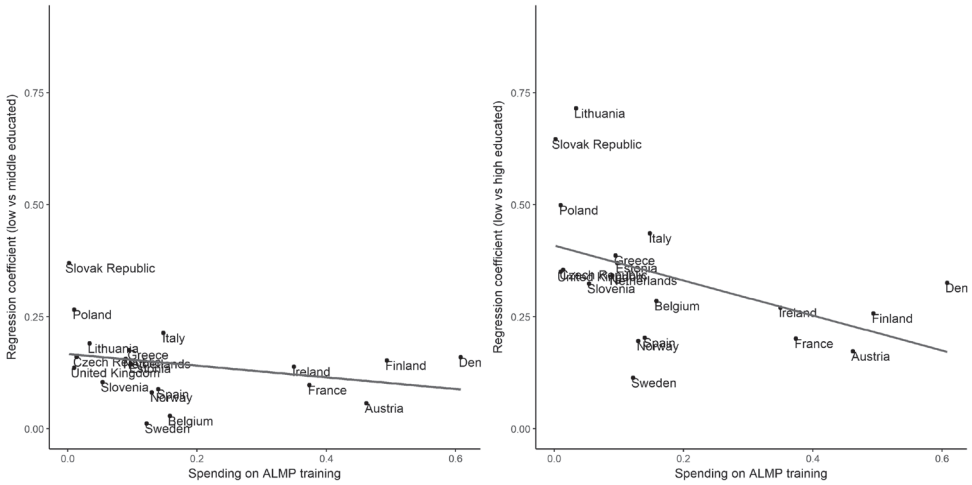


Figure 7: Regression coefficient of education on the learning attitude by ALMP training programme spending

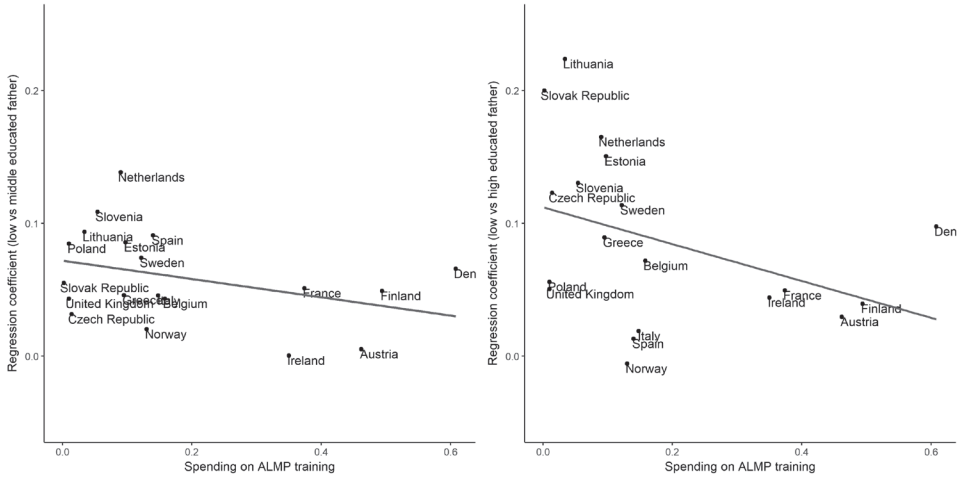


Figure 8: Regression coefficient of educational level of the father on the learning attitude by ALMP training programme spending

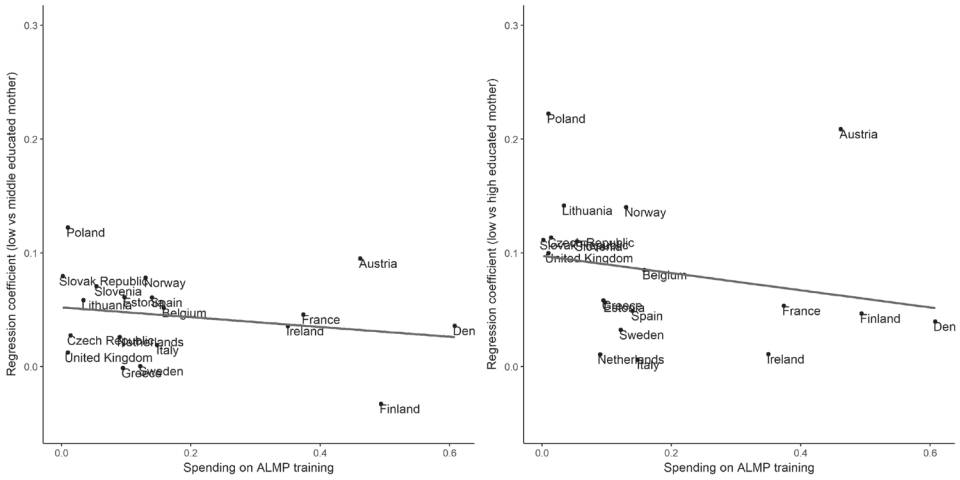


Figure 9: Regression coefficient of educational level of the mother on the learning attitude by ALMP training programme spending

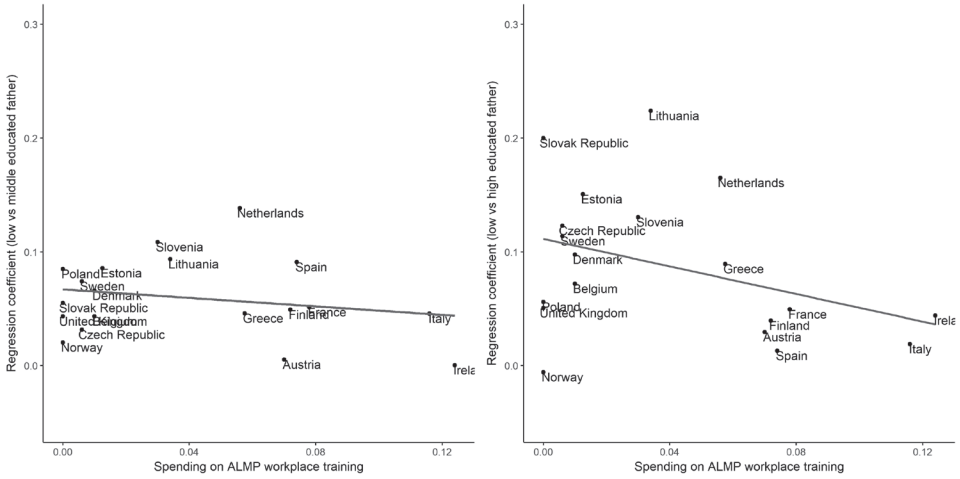


Figure 10: Regression coefficient of the educational level of the father on the learning attitude by ALMP workplace training programme spending

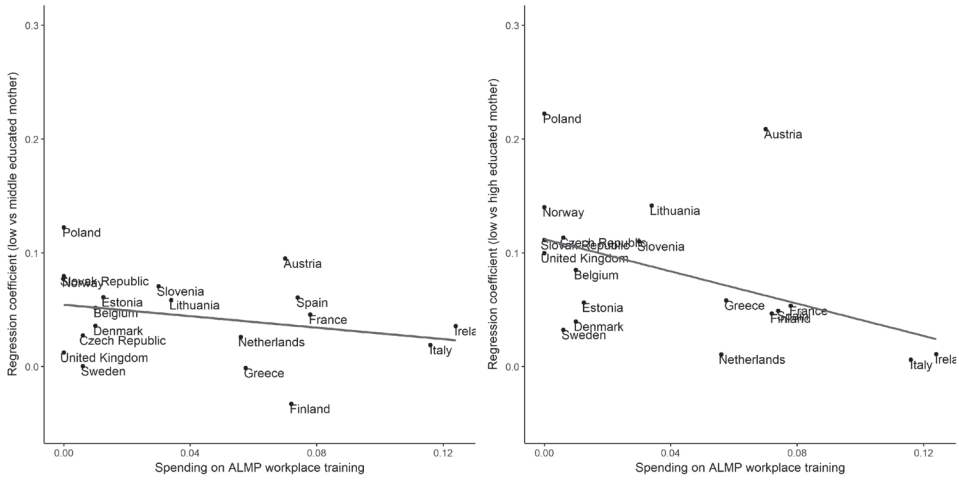


Figure 11: Regression coefficient of the educational level of the mother on the learning attitude by ALMP workplace training programme spending

Chapter 6

Conclusion and discussion

Introduction

The general aim of this study was to provide more insight into the intended and unintended consequences of active labour market policies (ALMPs). The evaluation literature on ALMPs reports varying results on how ALMPs affect the labour market and ALMP participants. Although some of this variation can be explained by the level of analysis or the ALMP instrument under study, in this dissertation I argue that this variation can also be explained on theoretical grounds. Most of the underlying theoretical principles of ALMP policy design and research originate from rational choice theories. This study adds to this strand of literature by using an institutional theoretical perspective as the main starting point. Institutional theory presumes that social actors are embedded in an institutional context, whereas rational choice theory starts from the premise that social actors are primarily driven by economic utility maximisation. Hence, the general research question was: *how can the consequences of ALMP be explained by institutional and individual differences?*

Four studies were conducted to provide an answer to this research question. As the labour market is a constellation of multiple institutions, it is logical to assume that labour market decisions are affected by multiple institutions at the same time. Therefore, the first study focused on how the level of unemployment benefit generosity or employment protection strictness influences the relationship with ALMP spending and long-term unemployment. However, the functioning of the labour market is also affected by the economic system as a whole. To add to our understanding of how ALMPs are affected by other institutions, the second study investigated how institutional complementarities are affected by the business cycle. In this study, the focus was put on training programmes and employment programmes. The study investigated how employment protection legislation affected the relationship between long-term unemployment and both programmes, and how these potential complementarities are affected by the rate of economic growth. Because the first two studies took only institutional structures at the macro-level into account, the last two studies also incorporated the micro-level into the analyses. The third study investigated how training programmes and hiring subsidies on the national level are related to the distribution of the education-based unemployment risk on the micro-level. The fourth study accentuated the cultural dimension of institutions and social behaviour. In this study, I investigated how the educational attainment and the educational background of one's parents are related to the degree to which one possesses a proactive learning attitude, and how these patterns differ depending on the training policy effort on the national level.

In this chapter, the research findings of these studies and their theoretical implications are discussed. A reflection on the methodologies used is also provided. These theoretical and methodological reflections will lead to suggestions for future research. This chapter ends with a set of policy recommendations.

Institutional complementarity and ALMP

The institutional perspective assumes that social behaviour is embedded in an institutional framework. This implies that the mechanisms that are associated with ALMPs are also influenced by other institutions. This phenomenon is called in institutional theory institutional complementarity (Crouch, 2010). In the first two studies of the dissertation, it was assumed that ALMP as a social object houses multiple mechanisms, which can induce a positive or negative relationship with other social objects or states. It depends on other social objects that are connected with the object under study which of these mechanisms become more or less dominant and determine the direction of the relationship observed. It is argued that in order to be complementary other institutions need to be similar enough to be able to fit together but different enough to be an addition (Ibid). The studies in Chapters 2 and 3 focus on how ALMP affects the long-term unemployment rate in interaction with other labour market institutions. Both studies used longitudinal data spanning from 1995 to 2012, which contain information on national characteristics of the labour market, economy and demography of several European countries. This data was used to investigate potential complementarities that exist between ALMP and other labour market institutions.

Several mechanisms of ALMPs are put forth in the evaluation literature that should result in less long-term unemployment. ALMPs can be used to appeal to the economic self-interest of the supply-side or demand-side to improve the outflow and reduce the inflow into unemployment. For instance, by using financial incentives to hire the unemployed or by making work more financially attractive than unemployment (Brown & Koettl, 2015). Human capital investments are also denoted as a remedy for long-term unemployment (Ibid). Human capital theory assumes that labour market opportunities are determined by the skills people possess and how these are evaluated by the market. Unemployment is seen as a consequence of possessing unmarketable skills (Becker, 1962). Another strategy to combat long-term unemployment is reducing the information asymmetry that employers have on the productive potential of applicants. Due to this information asymmetry employers rely on signals that are perceived as indicators for the productive potential of the applicant (Spence, 1973). Examples of these signals are unemployment duration and educational attainment. Thus, a judgement is made on the individual level about the productive capabilities based on group membership, i.e. statistical discrimination, however, the actual productive potential might be underestimated as a consequence of a negative association with the group (Bonoli & Hinrichs, 2012). By providing opportunities to obtain information on the applicant, ALMP tries to reduce the effect of negative signals. The central argument in both chapters is that which and how these mechanisms are dominant in determining the relationship with ALMP and long-term unemployment is affected by contextual factors, such as other labour market institutions and economic growth levels.

Chapter 2 sheds light on the ways unemployment benefits (UBs) and employment protection legislation (EPL) might influence the relationship between ALMPs and long-term unemployment. UBs can potentially improve the quality of the activation efforts made by participants who qualify for poverty protection (den Broeder, 1996) and also function as economic stabilisers (Hemerijck, 2012) that uphold labour demand and, therefore, improve the outflow from ALMP programmes. Alternatively, UB generosity can also potentially undermine ALMP in its effort to reduce long-term unemployment. The more generous UBs are, the greater the financial disincentive is to find employment (Pedersen & Smith, 2002). This reduced need to find employment increases the probability of a lock-in effect and, therefore, increases the probability of long-term unemployment. The analyses show that more ALMP effort is associated with a lower long-term unemployment rate when UB generosity is relatively low and a higher long-term unemployment rate when UB generosity is relatively high. Thus, UBs seem to be complementary to ALMP when they have a relatively low level of generosity. The results indicate that ALMP participants in labour markets with generous UBs portray less intense job search behaviour due to a financial disincentive, which increases the likelihood of a lock-in effect. This results in a prolonged unemployment period and might reduce the employment probability further as it is perceived as a negative signal by potential employers.

Moreover, the combination of EPL and ALMP spending was also investigated. Just like UBs, EPL has the potential to induce desired but also undesired effects in ALMPs in relation to long-term unemployment. EPL influences aspects related to the economic self-interest of the employer and the human capital accumulation of workers. In labour markets with less strict EPL it is easier and cheaper to fire employees. This reduces the financial risk of hiring workers that are perceived as potentially problematic (Avdagic, 2015). Additionally, it is also argued that EPL influences the type of human capital developed by workers. In labour markets with less strict regular EPL, workers tend to possess more general human capital. Due to higher levels of job insecurity, the need to develop human capital that has value to multiple employers is higher as it increases the probability to obtain new employment after job loss. Conversely, workers in labour markets with strict EPL tend to possess more firm-specific human capital. Firm-specific human capital contains a high long-term unemployment risk in situations when job security is low because it has only value to very few employers (Hall & Soskice, 2001). This implies that participants in labour markets with strict regular EPL need to develop on average less human capital to obtain new employment. Thus, the same amount of ALMP effort produces better results. As workers in labour markets with more strict EPL need to obtain more human capital, the duration of the programmes should on average also be longer. This increases the likelihood of a lock-in effect. On the other hand, as less strict EPL makes it easier to fire employees, adverse selection processes might occur that further impair the position of disadvantaged

groups (Madsen, 2004). The disadvantaged might be fired more frequently, which further weakens their labour market position and might result in long-term unemployment or discouragement. This implies that ALMP participation is perceived as a more negative signal in labour markets with less strict EPL than in labour markets with strict EPL because its participants have on average a greater distance from the labour market.

To test these hypotheses, a distinction was made between regular and temporary EPL. The results indicate that temporary EPL strictness did not affect the association between ALMP and long-term unemployment. However, the results indicated that regular EPL is complementary to ALMP when its strictness is relatively low. ALMP is associated with less long-term unemployment in labour markets that have less strict regular EPL but is associated with more long-term unemployment in labour markets that have relatively strict regular EPL. This finding can be explained by two mutually non-exclusive processes. First, EPL influences the potentially stigmatising effects of ALMP participation. Less strict EPL reduces the potentially harmful consequences of information asymmetry of employers as it is cheaper to fire employees in the future if the requirements and expectations are not met. Second, it is also argued that the labour force in labour markets with less strict EPL possess more general human capital as they need to be valuable to other employers due to higher levels of job insecurity (Hall & Soskice, 2001). This suggests that on average less up-skilling is needed for the unemployed to be able to obtain employment. Thus, less ALMP effort is needed to accomplish the desired effect. The same mechanisms also explain the undesired effect of ALMPs in labour markets with strict regular EPL. As firing employees is more costly, the potentially harmful consequences of the information asymmetry employers have forces employers to rely more on signals when hiring. If ALMP participants need on average more upskilling in labour markets with strict EPL, the possibility of a lock-in effect is also higher. Therefore, due to both the increased unemployment duration resulting from longer ALMP programme participation and the higher financial risk employers have when hiring, ALMPs might produce an undesirable effect in the form of stigmatisation, which leads to more long-term unemployment.

Variations in complementarities

While the study in Chapter 2 investigated potential complementarities in general, the study in Chapter 3 investigated how levels of complementarity might vary. Research suggests that how institutions affect the labour market depends on the level of economic growth (Bernal-Verdugo et al., 2012; Nordlund, 2011). This implies that the level of institutional complementarity is also related to the level of economic growth. Additionally, the review literature of ALMP evaluations (Boone & Ours, 2004; Brown & Koettl, 2015; Calmfors et al., 2001; Card, Kluve, & Weber, 2010; J. P. Martin & Grubb, 2001) reports varying levels of effectiveness depending on the instrument under study. As the first study focussed

on ALMPs in general, the second study distinguished between two types of ALMP programmes, namely training programmes and employment programmes. Thus, to further our understanding of institutional complementary and ALMP, the economic climate is also taken into account and a differentiation is made between two types of ALMP programmes.

In Chapter 3, I investigated how the complementarity between regular EPL strictness and both ALMP programmes differs depending on the level of economic growth. The analyses indicated that training programmes and regular EPL are not complementary in reducing long-term unemployment. The observed pattern did not change when economic growth was included in the analysis. However, the analysis also showed that employment programmes and less strict regular EPL are complementary, especially during economic downturns. This indicates that the composition of the ALMP mix matters in interplay with the broader institutional framework and the business cycle. These analyses also indicate that programmes that primarily aim to reduce information asymmetry and adhere to the economic self-interest of the employer produce a desired effect under the condition that it is relatively easy and cheap to fire employees when they have a permanent contract. Employment programmes can be used by employers as screening tools to gather information about the productive capabilities of participants, while at the same the labour costs are reduced through financial compensations. However, the fact that the results in Chapter 2 show that temporary EPL does not influence the effect of ALMPs in general suggests that the screening function of employment programmes is of lesser importance in the formation of the complementarity between employment programmes and regular EPL. Additionally, this complementarity is stronger during an economic downturn and, therefore, further underscores the idea that reducing the potential financial consequences of a bad hiring decision is the primary logic in the formation of this complementarity. The financial risks associated with hiring are much higher during an economic downturn. Therefore, it is logical that EPL strictness plays a larger role in moderating the relationship between employment programmes and long-term unemployment during economic downturns.

This might also explain why programmes that primarily focus on human capital development are not affected by EPL and the business cycle in their effort to reduce long-term unemployment. These programmes do not directly affect the financial risk of hiring or provide direct information on the productive abilities of the participants. Although participation in training programmes can be interpreted as a signal for the readiness to learn, they do not provide direct information on the productive capabilities of the participants.

System logic and ALMP

The literature on institutional complementarity argues that institutions cannot be put in a random configuration and produce optimal outcomes because institutional systems need to be configured around a coherent logic. However, there is more than one design logic to

create feasible institutional configurations (Amable, 2016). In the context of labour market research, two institutional design logics are often referred to, which are described in the theory of varieties of capitalism (Hall & Soskice, 2001). The first design logic is based on social security and coordination, which belongs to the coordinated market economy (CME). The second logic is based on market principles and flexibility and is referred to as the liberal market economy (LME). However, it is a contested notion that for labour markets to produce optimal results their design must be organised according to one of these two logics. Due to the labour market success of Denmark, which combines both logics, it is also argued that hybridisation of both types of logic does not result in a suboptimal-performing labour market (Campbell & Pedersen, 2007).

It can be argued that ALMP contains both types of logic as it provides, for example, employment security through subsidised labour but at the same time increases the functional flexibility of the labour force through human capital development. This implies that ALMP potentially fits in both types of labour market or makes hybridisation possible as it functions as a bridge between institutions that contain one of the two logics. The results show that ALMPs in general show signs of complementarity with institutional configurations that are designed to promote labour market flexibility. This indicates that ALMP primarily belongs to the LME. However, no interactions were observed with ALMP and temporary EPL. If ALMP belongs to the LME, the combination of high ALMP effort and low temporary EPL strictness should effect a lower long-term unemployment rate, as they should adhere to the same design logic. Additionally, although the results show that ALMP in general is complementary to less strict regular EPL, when a differentiation was made between programme types the results show that only employment programmes were complementary, whereas training programmes were not. This implies that only certain elements of ALMP are complementary to the LME. Thus, even if the institution in general shows complementarities with other institutions, it is possible that certain elements of the institution are not affected by the presence of other institutions or specific institutional configurations. As ALMP measures are quite diverse and plentiful, it is possible that certain elements of ALMP may be complementary to the CME instead of the LME. For example, it is possible that matching services are more effective and efficient in a CME because there are already communication and coordination structures between the social partners and the state present. Future research should investigate how specific ALMP measures interact with other elements that are depicted in VoC that were not studied in this dissertation.

ALMP and individual differences

The studies presented in chapter 2 and 3 only take the macro-level into account. In chapter 4 and 5, the micro-level is also taken into account in addition to the macro-level. These

studies explore the idea that policy measures do not affect everybody equally. A focus was put on how ALMPs affect individuals based on educational differences.

Distributional differences in the unemployment risk

Due to the transformation of the economy, the (already vulnerable) labour market position of the lesser educated compared to the higher educated became weaker. This makes them more vulnerable to economic shocks, which increases the unemployment risk relatively more than other educational groups due to downward substitution by higher educational groups (Klein, 2015). ALMPs aim to reduce unemployment by influencing supply and demand by improving human capital or by providing financial measures that reduce the financial risks for employers when hiring new employees. The design logic of the programmes used to influence the hiring process is primarily grounded in human capital (HC) theory (Becker, 1962) and labour market signalling (LMS) theory (Spence, 1973). While HC theory argues that unemployment is the consequence of possessing unmarketable skills, LMS theory emphasises that having attributes that are interpreted as a signal for low productivity by employers increases the unemployment risk. Thus, by improving the skills of the unemployed or those at risk of becoming unemployed, or changing the signal and reducing the financial risk for employers should result in a lower unemployment risk. Two types of programmes that are directly related to human capital formation and changing the labour market signal of the unemployed are training programmes and hiring subsidies. This implies that during an economic downturn the lesser educated should be better protected in labour markets with high ALMP effort and intensity.

However, other outcomes can also be theorised based on job competition theory and cumulative (dis)advantage theory. Following job competition theory (Thurow, 1975), it was assumed that workers primarily compete in the labour market with each other for jobs instead of income. This implies that job search activities do not take place in a social vacuum but are related to the activities and positions of others. If the probability of the lesser educated of becoming unemployment decreases, the probability of the higher educated increases, as the number of jobs is finite. Another pattern could also be expected as social policies can also function as vehicles for increased inequality (Cantillon, 2011). Cumulative (dis)advantage theory emphasises that an advantage or disadvantage of a group grows over time widening inequality between social groups (DiPrete & Eirich, 2006). It was theorised that the higher educated benefit the most as they need less additional human capital to become eligible when they compete for the same jobs with the lesser educated. They also possess a more favourable social-cultural position to obtain the resources they need. Through the cumulative advantages of the higher educated and the cumulative disadvantages of the lesser educated a Matthew effect might arise.

The analyses support the hypotheses derived from job competition theory. More training programme effort is associated with a more evenly distributed unemployment risk. However, the analyses also indicated that the unemployment risk for higher educated people is higher compared to the higher educated in labour markets with less training programme effort, while the opposite holds for the lesser educated. The same pattern was observed concerning classroom training programme effort, while no interaction was observed concerning workplace training. A possible explanation for this observation might be the type of skills learned in both programmes. Within workplace training mostly firm-specific skills are learned, while in classroom training provides more general skills. Firm-specific skills hold more value for the current employer and general skills are valued by most of the employers (Becker, 1962). Thus, participants in classroom training might have a stronger position in the external labour market, while participants in workplace training have a stronger position in the internal labour market. This implies that participants in classroom training have a stronger position when they compete for jobs openings by other employers than those coming from workplace training. Moreover, hiring subsidy programmes did not seem to be related to the education-based unemployment risk.

These results imply that up-skilling measures redistribute the unemployment risk but do not lower the overall unemployment risk. This might explain why the study in chapter 3 did not show a difference in the overall long-term unemployment rate under the influence of training programme effort. As these measures do not directly increase demand, it seems logical to assume that the unemployment risk is more evenly distributed among the educational groups during an economic downturn. Furthermore, this study also shows that non-target groups are indirectly affected by training programmes. By improving the labour market position of outsiders through up-skilling, the labour market opportunities of insiders are reduced and, thereby, the upskilled outsiders create more counter pressure against downward substitution. This is an interesting observation as substitution dynamics are often associated with employment programmes, such as wage and hiring subsidies. Thus, to better understand the intended and unintended effects of ALMP it is important to also include non-target populations that reside in the same institutional space because they might be affected indirectly through redistributive processes.

Cultural aspects of ALMP

The former studies focused on how regulative pressures and incentives from ALMPs were related to socio-economic effects and states, such as long-term unemployment. However, institutional theory argues that institutions also consist of cultural-cognitive and moral dimensions (Scott, 2008). This implies that ALMPs also have unintended cultural effects besides the intended and unintended socio-economic effects that are reported in the review and evaluation literature. In the discussion on ALMP training programmes and lifelong

learning, non-participation is a substantial issue, especially concerning the lesser educated. Scholars argue that internal barriers are especially relevant in explaining the underutilisation of training programmes by the lesser educated (Illeris, 2006), even when the benefits outweigh the costs (Cieslik, 2006). This contradicts the theoretical assumptions of human capital theory as it assumes that all actors are equal and always make decisions based on their economic self-interest (Bowles & Gintis, 1975). Moreover, the lesser educated tend to participate less in adult learning activities across European countries, but the difference in the degree of non-participation between the higher and lesser educated varies per country (Boateng, 2009; Roosmaa & Saar, 2017). Therefore, the focus of chapter 5 was put on how differences in the degree of having a proactive learning attitude are associated with the national ALMP training effort.

Stratification research emphasises that choices related to education are mediated by cultural differences and can be traced back to varying socialisation processes (see Bernstein, 1971; Bourdieu, 1984; Breen & Goldthorpe, 1997). Hence, a socialisation theoretical perspective was used to identify influential predictors of one's learning attitude. The predictors used are one's own educational level and the level of educational attainment of the father and the mother. Furthermore, if individuals internalise elements of their institutional environment, then it is logical to assume that people who are embedded in a labour market with pro-training values internalise these values and develop a more proactive learning attitude. It was therefore expected that the differences in learning attitudes vary across countries depending on the institutional structure of the labour market. The institutional characteristics of primary interest were ALMP training programme effort and the types of programmes used. A distinction was made between classroom training and workplace training. It was expected that both programme types affect the learning attitude in a different manner depending on the learning identity of a given individual (Illeris, 2006).

The analyses showed that when the lesser educated reported a less proactive learning attitude than middle and higher educated. The same pattern was observed concerning the level of education of the father and mother. The results also showed that these differences between people with varying educational or familial backgrounds are smaller in countries that have relatively high levels of ALMP training effort. This implies that those who already possess an active learning attitude are less affected by the socialising forces of the institutional framework. In other words, those who are disposed in line with the norms and values that are encapsulated in the institutional framework tend to be less affected compared to those who have a greater dispositional distance from the behavioural and normative dispositions that are put forth within the institutional framework. The results also showed that ALMP workplace training influenced the relationship between the educational background of the parents and the learning attitude. This implies that the

design of ALMP training programmes influences and adheres to socialisation effects that stem from the primary socialisation phase and social class. This study shows that ALMP training programmes not only create a structure in which the disadvantaged have better opportunities to improve their human capital but also function as a socialising agent in the formation of the learning attitude. As a result, not only is the unemployment risk more equally distributed in labour markets with high levels of training programme effort but dispositional inequalities on learning that exist between advantaged and disadvantaged groups are also reduced.

ALMP research practices

The studies presented in this dissertation contribute to the study of ALMP in a more general sense. In line with other researchers (Boone & Ours, 2004; Brown & Koettl, 2015; Calmfors et al., 2001; Card et al., 2010; J. P. Martin & Grubb, 2001), the results in this study show that varying ALMP measures have differential effects on the labour market. This observation supports the call for an increasing use of disaggregated indicators in cross-national ALMP research to improve our understanding of how ALMPs affect the labour market. Clasen, Clegg and Goerne (2016) argue that new data is needed that capture theoretically derived dimensions of ALMP but that this undertaking would require considerable resources. They suggest that readily-available data from the Eurostat and the OECD, although imperfect, might be used for proxies to investigate various types of ALMP policy logic. The results in this study support the suggestions made for disaggregating ALMP measures. It shows that using disaggregated data on ALMP programmes provides more fine-grained insights into the intended and unintended consequences of ALMPs and their associated mechanisms. By theorising about the varying theoretical mechanisms that are associated with particular programmes, meaningful, although not perfect, comparisons can be made in the absence of data that more directly capture the theoretical dimensions of interest.

Furthermore, the studies presented in this dissertation show that individual characteristics matter how someone is affected by ALMPs. In line with other studies (for a review, see Martin and Grubb, 2001) the results show that depending on the measures used specific groups improve their labour market position, whereas simultaneously the labour market positions of other groups became weaker or were not affected or in a lesser degree. In the light of comparative research, this implies that combining macro-level data with micro-level data is a fruitful endeavour as it provides more insight on the distributional effects of ALMPs rather than solely focussing on the macro-level or micro-level. Future research should focus more on combining data from both levels as it allows a clearer investigation on if and how ALMPs affect the labour market opportunities of target and non-target groups.

Additionally, this dissertation shows that besides differentiating between the ALMP measures used and individual characteristics, including cultural indicators in the analytical framework instead of only focussing on socio-economic states of interest provides additional insight on the intended and unintended consequences of ALMPs. As most ALMP research is driven by the practical questions *"Does it work and is it cost-efficient?",* other questions that are more theoretically- and less economically-orientated are often neglected. For instance, institutional theory argues that institutions encompass multiple dimensions, namely regulative, cultural-cognitive and normative dimensions (Scott & Davis, 2016). Most ALMP research focuses on the regulative dimension, which emphasises the external pressures that structure social behaviour, and how these affect the labour market opportunities of specific social groups in socio-economic terms. However, the results in Chapter 5 suggest that labour market institutions are also associated with dispositional differences. Future research should focus more on aspects other than the potential socio-economic effects of ALMPs, such as how ALMP affects the cultural or normative beliefs of participants and non-participants, as both groups coincide in the same institutional structure.

Employer involvement

Employers are depicted as important, although under-researched, actors in the domain of ALMP (Ingold & Stuart, 2015; C. J. Martin, 2004; C. J. Martin & Swank, 2004; Swank & Martin, 2001). To empirically investigate employer involvement in ALMPs from a comparative perspective proved to be a challenge. The studies in this dissertation used broad measures to investigate if and how employer involvement contributed to a differentiation in the observed effects of ALMPs. However, the data used is less than optimal to study employer involvement in ALMP and its potential effect on socio-economic outcomes. For example, to study employer involvement in training programmes only a differentiation could be made based on the design of the programme (classroom vs workplace training). More detailed data is needed to model the theoretical mechanisms more directly. Unfortunately, international comparative micro-level data on employer involvement in ALMP measures is almost non-existent. Although the European Company Survey contains micro-level data, it does not contain information on labour market programmes used by specific employers, nor to what extent they are used. The same applies for the OECD and Eurostat because both have aggregate spending and participation data on programmes in which employers are involved, but lack more detailed information on the role employers have in these labour market programmes (consumer and/or supplier) and on the characteristics of these employers in order to provide a more fine-grained picture of how employers are associated with the intended and unintended consequences of ALMPs. Research should focus on collecting international comparative data on employer involvement in social policies. The

studies presented in this dissertation provide a first step, but more detailed data is needed to be able to come to definitive conclusions.

Policy implications

Based on the outcomes of this study, some policy implications are formulated. The analyses clearly show that ALMP is a diverse and complex policy type with a multitude of potential effects depending on other institutions and the stage of the business cycle. Two conditions seem to improve the effectiveness of ALMP in lowering the long-term unemployment rate. First, the unemployed need to be economically motivated toward active job search behaviour. To reduce the likelihood of a lock-in effect from occurring, financial measures can be implemented that encourage genuine job search behaviour. Second, the financial consequences of a bad hiring decision for employers need to be minimal. This seems to be especially relevant during an economic downturn when the consequences of a bad hiring decision are more severe. Because a downturn is a period with reduced demand, measures that tend to increase demand and reduce the need for statistical discrimination seem to work. Thus, additional measures based on financial incentives aimed at both sides of the labour market can be devised to improve the effectiveness of ALMPs to lower the long-term unemployment rate.

ALMPs can be used to improve the resilience of the labour market during economic downturns. This study shows the effect of employment programmes on long-term unemployment is stronger during economic downturns. However, these measures seem to improve the resilience of labour markets that have less strict regular employment protection only. Thus, countries that have less strict employment protection should increase their spending levels on employment programmes during an economic downturn and reduce their spending levels on these programmes when the economy is growing. Furthermore, countries that spend more on training programmes during an economic downturn seem to reduce the unemployment risk of the lesser educated. This implies that potential scarring effects of labour market exclusion of the lesser educated are minimised when the economy starts to recover. On the other hand, under the influence of training programme efforts unemployment risk tends to increase for the higher educated. This might be more problematic in labour markets that focus heavily on knowledge production.

Besides improving the labour market position of disadvantaged groups, ALMPs can also be used to foster a national learning culture. The Social Economic Council of the Netherlands (SER) (2017) recently argued that a learning culture is needed to capitalise effectively on the transformation of the economy. As lifelong learning is seen as essential to being economically productive in a knowledge economy, possessing a proactive learning attitude is vital for one's employability. The study in Chapter 5 showed that national

ALMP training spending is related to learning attitudes. Those who generally report lesser proactive learning attitudes tend to be positively influenced by an infrastructure that promotes learning after the initial education phase. Thus, national training programmes can also be used as cultural platforms that reduce internal barriers to prevent disadvantaged groups from participation in post-initial learning activities. In line with the advice of the SER (2017), Chapter 5 underscores the idea that even if deadweight costs are associated with ALMP training programmes, they can still be viewed as investments in a national learning culture.

In a European context, policy learning through benchmarking is preferred by the open method of coordination (OMC). The OMC encourages member states and the Commission to work together to achieve social objectives set in the EU agenda (Astor, Fransen, & Vothknecht, 2017). However, the studies in Chapters 2 and 3 imply that policy benchmarking should be performed with care to legitimate policy design choices. Just because a specific type of program produces desired results in a specific country does not automatically mean that it will produce the same outcomes in another country. Interactions with specific labour market policies or structures might be a necessary condition for the programme to function as intended. Or else some ALMP programmes only produce intended outcomes depending on the stage of the business cycle. Thus, when devising and implementing a new ALMP programme, it is advisable to first use pilots to evaluate the effects. In a within-country setting, this could be done by piloting a programme in several regions with different institutional and sectoral structures.

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English Summary

The primary aim of active labour market policies (ALMPs) is to improve the labour market position of disadvantaged groups, such as the lesser educated or those who possess obsolete skills (Bonoli, 2010). ALMPs intend to improve social inclusiveness and economic productivity by increasing labour demand, enhancing and increasing labour supply, and improving labour market matching (Brown & Koettl, 2015). However, ALMP evaluation literature shows that ALMPs can also produce effects that undermine their intended policy goals (Brown & Koettl, 2015; Calmfors et al., 2001; J. P. Martin & Grubb, 2001). For example, ALMP participation can act as a stigma when employers perceive it as an indicator of low productivity (Bonoli & Hinrichs, 2012). Unintended effects that are in line with intended policy goals have also been observed (Brown & Koettl, 2015). ALMPs can increase job search activities even without actual programme participation. This effect occurs when employment is favoured over unemployment because programme participation is perceived as sufficiently negative (Madsen, 2004). The evaluation literature shows that the manifestation of these effects differs between various programme types and among individual differences of the participants (Dahl & Lorentzen, 2005; J. P. Martin & Grubb, 2001; Nordlund, 2011; Sianesi, 2008). This dissertation contributes to discussions on the intended and unintended consequences of ALMPs.

The evaluation literature points to several factors that influence the observed differences in ALMP effects. First, it is suggested that ALMPs are influenced by other policies (J. P. Martin & Grubb, 2001), such as unemployment benefits, which may account for observed cross-national differences between similar ALMP measures. Second, the business cycle also influences how ALMPs affect the labour market (Nordlund, 2011; Raaum et al., 2002). This implies that the effectiveness of ALMP measures might differ over time within the same country. Third, the scope of the study itself influences the ability to observe certain effects (de Koning, 2001). Micro-level studies are unable to observe effects that manifest at the aggregate level. For example, a micro-level study might observe a positive effect, but a macro-level study on the same measure might observe no improvement due to substitution effects. These methodological factors were included in the overall analytical framework of this dissertation.

Besides these methodological factors, this dissertation addresses the theoretical foundations of ALMP research. The majority of ALMP studies and the program theories of ALMPs are primarily grounded in economic rational choice theories. These theories argue that an economic cost-benefit analysis is a central driver of social behaviour (Green & Fox, 2007). Three theoretical mechanisms are primarily referred to, namely human capital, economic self-interest and information asymmetry. Through these mechanisms, ALMPs aim to influence supply and demand, which should lead to a more socially-inclusive and

economically-productive labour market. This dissertation adds to the theoretical insights on ALMP by adopting an institutional perspective. Institutional theory does not deny the insights of rational choice theories but adds to these insights an understanding that behaviour is embedded in multiple social structures (Scott, 2010) such as legislation and culture. Furthermore, institutional theory also emphasises that social structures in the form of institutions contain cultural-cognitive and normative elements apart from juridical elements (Scott, 2008). This implies that ALMPs have cultural consequences besides the socio-economic effects that are reported in the evaluation literature. The central research question of this dissertation is as follows: *how can the consequences of ALMPs be explained by institutional and individual differences?*

To address the beforementioned factors and answer the research question, four studies were conducted. The first two studies focus on institutional complementarity and long-term unemployment. The last two studies focus on how differences in educational attainment are related to labour market unemployment and learning attitude depending on the configuration of national ALMPs.

Summary of empirical studies

Institutional complementarity and long-term unemployment

The first two studies focus on the idea that institutions can be complementary to other institutions. This idea is central in the theoretical reasoning of varieties of capitalism (VoC) (Hall & Soskice, 2001) and flexicurity (Madsen, 2004; Wilthagen & Tros, 2004). Both theoretical strands argue that multiple labour market models with specific institutional configurations produce optimal results. However, both strands do not agree which specific configurations are optimal. Whereas the VoC argues that labour markets should be designed based on the logic of the market and flexibility, or based on the logic of coordination and security, flexicurity literature argues that fruitful combinations between both logics are possible. As ALMPs contain elements of both logics, the first study hypothesises how more strict employment protection legislation (EPL) and more generous unemployment benefits (UBs) can either contribute to or undermine the capabilities of ALMPs in general to reduce long-term unemployment. The second study builds on the first by investigating how two ALMP measures, namely training and employment measures, are influenced by EPL and how this interaction varies depending on the economic climate. Both studies used longitudinal data spanning from 1995 to 2012 that contained macro-level information on multiple European countries.

The analyses in Chapter 2 show that ALMPs are related to higher long-term unemployment in labour markets that have relatively high levels of UB generosity. Conversely, more ALMP

effort is related to lower levels of long-term unemployment in labour markets that have relatively low levels of UB generosity. This implies that ALMP is complementary to UBs when UB generosity is low, as more generous UBs tend to decrease the job search intensity (Pedersen & Smith, 2002). This increases the likelihood of a prolonged unemployment spell and increases the probability of becoming long-term unemployed, and vice versa. Furthermore, the analyses showed a similar pattern concerning regular EPL. More ALMP effort is related to more long-term unemployment in labour markets with relatively high levels of regular EPL strictness. In labour markets with relatively low levels of regular EPL strictness, more ALMP effort is related to less long-term unemployment. No significant interaction between ALMP and temporary EPL strictness was observed. This observation suggests that ALMP is complementary to less strict EPL for two reasons. In labour markets with less strict EPL, the financial consequences of a bad hiring decision are less severe compared to labour markets with strict EPL (Avdagic, 2015). This reduces the stigmatising effects of ALMP programme participation. Moreover, human capital formation tends also to be influenced by the level of EPL strictness. In countries with strict EPL, it is in the interest of employers to invest in the firm-specific human capital of workers due to the durable labour relation. In labour markets with less strict EPL, workers tend to develop human capital that has value to multiple employers instead of firm-specific human capital in order to obtain employment security (Hall & Soskice, 2001). This implies that ALMP programme participants in labour markets with less strict EPL need on average less time and resources to obtain employment. This reduces the risk of a lock-in effect and reduces the potential stigmatising effects of ALMP participation.

The study in Chapter 3 investigates how potential ALMP measures, namely training and employment programmes, are affected by regular EPL strictness, and how this depends on the degree of economic growth. The analyses show that employment programme effort and regular EPL only show signs of complementarity when the economic climate is taken into account. More effort in employment programmes is associated with less long-term unemployment in labour markets with less-strict regular EPL and with more long-term unemployment in labour markets with stricter regular EPL. This effect seems to be stronger during economic downturns. No forms of complementarity were observed between training programme efforts and regular EPL strictness, even when the economic climate was taken into account. These analyses suggest that a combination of institutions that adhere more directly to the economic self-interest of employers is especially effective in reducing long-term unemployment during times of economic uncertainty. As training programmes do not directly adhere to the economic self-interest of the employer, this might explain why they are not affected by EPL and the business cycle in their effort to reduce long-term unemployment.

Individual differences and ALMP

Two studies were conducted that shed light on how individual characteristics affect labour market opportunities and attitudes depending on ALMP effort and composition. Both studies focus on educational differences, which are depicted as increasingly-influential predictors of labour market opportunity and position. Due to the post-industrialisation of the economy, the labour market position of the lesser educated further deteriorated over the recent decades. It is argued that their labour market opportunities have decreased through increased competition with the middle educated under the influence of technological change (Autor et al., 2003; Goos & Manning, 2007; Oesch & Menés, 2011) and increased flexibilisation due to economic globalisation (Schmid, 2010; Wood, 1995). Additionally, continuous learning is increasingly becoming a more prominent policy instrument to reduce unemployment and improve the labour market position of disadvantaged groups. However, several studies show that the lesser educated are less inclined to participate in learning activities due to economic and cultural factors (Fouarge et al., 2013; Illeris, 2006). This implies that ALMP programmes might produce a Matthew effect. To investigate how ALMPs affect the labour market position of the lesser educated in relation to the higher educated, Chapter 4 focussed on how ALMPs are related to education-based unemployment risk and the study in Chapter 5 focused on how ALMP training efforts are related to educational differences and proactive learning attitudes.

The study in Chapter 4 investigated how active labour market policies affect education-based unemployment risks during an economic downturn. Furthermore, two types of measures are investigated, namely training policies and hiring subsidies. This study focuses on potential job competition dynamics and cumulative (dis)advantages of the lesser and higher educated. Micro-level data was used from the ESS and combined with macro-level data from the OECD. This resulted in a sample of 18,172 observations originating from 19 countries. My results show that higher levels of participation and spending on training policies are related to a smaller difference in the unemployment risk between educational groups. Higher training policy effort and intensity is associated with a lower unemployment risk for the lesser educated and a higher unemployment risk for the higher educated. This implies that the lesser educated are more competitive in labour markets that have higher levels of training programme effort and intensity. Therefore, they are better able to withstand downward pressure from the higher educated, and, thereby, reduce downward substitution during an economic downturn. Hiring subsidies do not seem to affect education-based unemployment risk.

Chapter 5 addressed the cultural dimension of ALMPs. Possessing a proactive learning attitude is seen as a predictor of participation in labour market training programmes (Illeris, 2003, 2006). This research aimed to shed light on how labour market institutions influence differences in learning attitudes based on a person's educational and familial

background. Following socialisation theory, it is argued that structural differences exist in the learning attitudes of people depending on their socialising agents. During primary socialisation, parents play an important role in the formation of learning attitudes (Berger & Luckmann, 1966; Bernstein, 1971; Bourdieu, 1984). School is an important socialising agent during the phase of secondary socialisation (Berger & Luckmann, 1966; Parsons, 1959). Therefore, it was expected that the lesser educated and people with lesser-educated parents have on average a less proactive learning attitude. However, as people tend to internalise elements from their institutional environment (Singh-Manoux & Marmot, 2005), it was also expected that these differences are smaller in countries that put relatively more effort in national training programmes. Macro-level data from the OECD on labour market policy spending was combined with micro-level data from the PIAAC resulting in 64,150 observations from 19 countries. The results show that people who are higher educated or have higher-educated parents have on average a more proactive learning attitude. These differences tend to be smaller in countries that put more effort into ALMP training programmes. The results indicate therefore that ALMP training also functions as a socialising agent in relation to learning attitudes.

Conclusion and discussion

The goal of this dissertation was to provide more insight into the intended and unintended consequences of ALMPs. As program theory and the majority of research on ALMPs are rooted in rational choice theories, an institutional perspective was utilised to provide additional insights. The analyses in this dissertation suggest that the institutional structure of the labour market influences the mechanisms that are encapsulated in ALMPs. Although it might initially seem that an institutional configuration that is based on efficient labour allocation and flexibility is complementary to ALMP, and an institutional configuration based on a logic of coordination and security is not, the analyses I have presented here give a more fine-grained picture. In both analyses within the first two empirical chapters, elements of the same institution do not show signs of complementarity to the other institution. In Chapter 2, differences were observed in the interaction between ALMPs in general and temporary and regular EPL. In Chapter 3, differences were observed in the interaction between regular EPL and training and employment programmes. Therefore, it cannot be concluded that ALMPs belong to a specific set of institutional configurations. It is more probable that certain elements of institutions form a complementarity based on a more specific logic, such as decreasing the financial risk associated with hiring for employers.

Furthermore, some scholars (Bonoli et al., 2017; Cantillon, 2011; Pintelon, Cantillon, Van den Bosch, & Whelan, 2013) argue that social investment policies such as ALMPs might produce Matthew effects through cumulative advantages and disadvantages.

However, no evidence was obtained that support this idea in the case of training programmes and individuals with varying educational backgrounds. The results indicate that training programmes form a structure in which the disadvantaged have a better opportunity to improve their labour market position, and which also contributes to possessing a more proactive learning attitude. Thus, inequalities between the advantaged and disadvantaged seem to be smaller in countries that put more effort into training programmes.

The studies in this dissertation also contribute to the study on ALMP in a more general sense. In cross-national research on ALMP, it is common practices to include all ALMP measures as one indicator into the analytical model. Clasen, Clegg, and Goerne (2016) criticise this practice and call for increased use of disaggregated data on ALMPs to provide more insight into the workings of specific measures at the macro-level. The analytical results support this call as it shows that with disaggregated longitudinal data various measures indeed have differential effects. Besides the importance of disaggregation by programme type, the results also further underscore, in line with other studies (Dahl & Lorentzen, 2005; J. P. Martin & Grubb, 2001), that individual characteristics are of importance in the study of ALMP and that they should be taken into account when studying the effects of ALMPs. Furthermore, this dissertation also shows that it is also worthwhile to study cultural elements that are related to ALMPs. As most studies focus on the socio-economic consequences of the juridical aspects of ALMPs, cultural-cognitive and normative elements of ALMPs tend to be under-researched. Therefore, future research should focus more on the cultural and normative elements of ALMP to further our understanding. Besides these more general remarks, it is also important to note that it proved difficult to study the influence of employers in ALMPs in a comparative perspective. Several scholars argue that employers should be studied more extensively in the context of ALMPs as most attention is put on the supply side (Ingold & Stuart, 2015). Although some very broad and rough measures can be constructed with existing data, more detailed information on employer involvement is needed to produce robust findings and to come to more definitive conclusions.

Besides theoretical and methodological contributions, this project has resulted in some policy implications. The effectiveness of ALMPs in reducing long-term unemployment can be improved by measures that adhere to the economic self-interest of both the supply and demand side of the labour market. The results also suggest that employment programmes contribute to the resilience of the labour markets with less-strict regular EPL, especially during economic downturns. This implies that spending on employment programmes in these labour markets should be increased during economic upturns and decreased during economic upturns. Moreover, increased training programme efforts are related to lower unemployment risks for the lesser educated. This implies that these programmes can be used to reduce downward substitution by the higher educated during an economic downturn. However, increased training programme effort was also associated with a higher

unemployment risk for the higher educated. This might be more problematic in countries that focus on knowledge production. Additionally, training programmes can contribute to fostering a national learning culture. A culture that promotes learning is needed to capitalise more effectively on the transformation of the economy, according to the Social Economic Council of the Netherlands (SER) (2017). Additionally, the implications of the studies in this dissertation touch on policy learning practices advocated in the open method of coordination (OMC). Policy learning by benchmarking is seen by the OMC as a way to achieve the social objectives set in the EU agenda (Astor et al., 2017). However, as the studies in chapters 2 and 3 show, the effects of policy measures are conditional in the national context. This suggests that international benchmarking should be performed with care to legitimate policy decisions.

Nederlandse samenvatting

Het primaire doel van activerend arbeidsmarktbeleid is de ondersteuning en verbetering van de arbeidsmarktintegratie van groepen met een zwakke arbeidsmarktpositie, zoals laagopgeleiden en mensen die vaardigheden bezitten waar minder tot geen vraag meer naar is (Bonoli, 2010). Door middel van het vergroten van de arbeidsvraag, het vergroten en verbeteren van het arbeidsaanbod en het optimaliseren van de afstemming tussen vraag en aanbod beoogt activerend arbeidsmarktbeleid de sociale inclusiviteit en economische productiviteit te vergroten (Brown & Koettl, 2015). Uit evaluatiestudies blijkt echter dat activerend arbeidsmarktbeleid ook onbedoelde effecten met zich meebrengt die ondermijnend werken voor het behalen van beleidsdoelstellingen (Brown & Koettl, 2015; Calmfors et al., 2001; J.P. Martin & Grubb, 2001). Zo kan bijvoorbeeld deelname aan een arbeidsmarktprogramma stigmatiserend werken, wanneer het beschouwt wordt door een potentiële werkgever als een signaal voor lage productiviteit (Bonoli & Hinrichs, 2012). Maar er zijn ook effecten geobserveerd die wel in lijn zijn met de beoogde beleidsdoelstellingen maar niet intentioneel zijn (Brown & Koettl, 2015). Activerend arbeidsmarktbeleid kan bijvoorbeeld de intensiteit van sollicitatieactiviteiten van werklozen vergroten zonder dat er daadwerkelijk geparticipeerd wordt in of gebruikgemaakt wordt van de betreffende arbeidsmarktprogramma's. Dit effect treedt op wanneer werk als positiever wordt beschouwd dan werkloosheid als gevolg van de negatieve perceptie van toekomstige participatie in een arbeidsmarktprogramma (Madsen, 2004). De evaluatieliteratuur geeft ook aan dat de manifestatie van bedoelde en onbedoelde effecten verschilt binnen het instrumentarium van activerend arbeidsmarktbeleid en ook verschilt op basis van individuele eigenschappen van participanten (Dahl & Lorentzen, 2005; J.P. Martin & Grubb, 2001; Nordlund, 2011, Sianesi, 2008). Deze dissertatie levert een bijdrage aan het debat over de bedoelde en onbedoelde effecten van activerend arbeidsmarktbeleid.

In de evaluatieliteratuur worden verschillende factoren aangekaart die een verklaring bieden voor de geobserveerde verschillen in effecten van activerend arbeidsmarktbeleid. Er wordt gesuggereerd dat ander aanwezig beleid, zoals de werkloosheidsuitkering, van invloed is op de uitkomsten van activerend arbeidsmarktbeleid (J.P. Martin & Grubb, 2001), wat een mogelijke verklaring biedt voor cross-nationale verschillen in beleidseffecten. De conjunctuurcyclus wordt ook beschreven als een invloedrijke factor (Nordlund, 2011; Raaum et al. 2002). Dit impliceert dat activerend arbeidsmarktbeleid verschillende effecten genereerd over de tijd heen binnen dezelfde beleidsstructuur. Een andere factor die wordt aangekaart is de focus van de studie zelf (de Koning, 2001). Studies op microniveau kunnen geen effecten observeren die zich manifesteren op een geaggregeerd niveau. Bijvoorbeeld, een studie op microniveau rapporteert een positief effect van een beleidsmaatregel terwijl

een studie op macroniveau geen effect rapporteert vanwege substitutie-effecten. Deze factoren zijn geïncorporeerd in de analytische structuur van deze dissertatie.

Naast deze factoren is ook het theoretisch fundament van het onderzoek naar activerend arbeidsmarktbeleid in acht genomen. Het overgrote merendeel van de studies naar activerend arbeidsmarktbeleid maakt gebruikt van economische rationele-keuzetheorieën. Deze theorieën stellen dat economische kosten-batenanalyse een centrale determinant is van het menselijk handelen (Green & Fox, 2007). Drie mechanismen staan hierbij centraal in het verklaren en voorspellen van arbeidsmarkteffecten, namelijk menselijk kapitaal, economisch eigenbelang en informatieasymmetrie. Deze dissertatie levert een theoretische toevoeging door een institutioneel perspectief te hanteren. Institutionele theorieën ontkennen de inzichten uit rationele-keuzetheorieën niet, maar vullen daar op aan dat sociaal gedrag ingebed is in meerdere sociale structuren (Scott, 2010), zoals als wetgeving en cultuur. De uitkomsten voor vergelijkbare individuele actoren kunnen dus verschillen, omdat ze te maken hebben met andere omgevingen. Naast de veelvuldig aangekaarte juridische en beleidsmatige elementen van instituties, stelt institutionele theorie ook dat instituties cultureel-cognitieve en normatieve elementen bevatten (Scott, 2008). Dit impliceert dat activerend arbeidsmarktbeleid ook culturele consequenties heeft naast de sociaaleconomische effecten die primair onderzocht worden in wetenschappelijke studies. De centrale onderzoeksvraag van deze dissertatie is daarom: *Hoe kunnen de consequenties van activerend arbeidsmarktbeleid verklaart worden door institutionele en individuele verschillen?*

Samenvatting van empirische studies

Institutionele complementariteit en langdurige werkloosheid

De eerste twee studies zijn gebaseerd op de notie dat instituties complementair kunnen zijn aan andere instituties. Institutionele complementariteit is een centraal concept in de theoretische redenaties van *Varieties of Capitalism* (VoC) (Hall & Soskice, 2001) en flexicurity (Madsen, 2004; Wilthagen & Tros, 2004). Beide theoretische stromingen stellen dat meerdere arbeidsmarktmodellen met specifieke institutionele configuraties optimale resultaten produceren, maar beide stromingen zijn het oneens welke specifieke configuraties dat zijn. VoC stelt dat twee elkaar uitsluitende ontwerplogica's tot optimale resultaten leiden, namelijk een ontwerplogica die gebaseerd is op marktwerking en flexibiliteit en een ontwerplogica die gebaseerd is op coördinatie en zekerheid. In tegenstelling tot VoC stelt flexicurity dat een combinatie van beide logica's wel kan leiden tot optimale resultaten. Aangezien beide ontwerplogica's aanwezig zijn in activerend arbeidsmarktbeleid, wordt in de eerste studie gesteld dat een strikter ontslagrecht en genereuze werkloosheidsuitkeringen

versterkend of ondermijnend zijn voor de capaciteit van activerend arbeidsmarktbeleid in het algemeen om de langdurige werkloosheid te verlagen. De tweede studie bouwt voort op de eerste studie door te differentiëren tussen twee vormen van activerend arbeidsmarktbeleid, namelijk trainingsprogramma's en werkprogramma's. In dit hoofdstuk is onderzocht hoe beide vormen interacteren met het ontslagrecht en hoe deze interacties anders zijn gedurende periodes van economische krimp en groei. Beide studies gebruiken longitudinale data van 1995 tot en met 2012 die informatie op het macroniveau bevatten over diverse Europese landen.

De analyses in hoofdstuk 2 laten zien dat meer inspanning in activerend arbeidsmarktbeleid gerelateerd is aan meer langdurige werkloosheid in arbeidsmarkten die relatief genereuze werkloosheidsuitkeringen hebben. Een hogere mate van inspanning in activerend arbeidsmarktbeleid is echter gerelateerd aan minder langdurige werkloosheid in arbeidsmarkten die relatief karige werkloosheidsuitkeringen hebben. Deze bevinding impliceert dat activerend arbeidsmarktbeleid complementair is aan werkeloosheidsuitkeringen wanneer deze minder genereus zijn. Aangezien genereuze werkloosheidsuitkeringen het zoekgedrag van werklozen verlagen (Pedersen & Smith, 2002), verlengt dit de werkloosheidsduur en dus de kans dat een *lock-in effect* optreedt bij participanten, wat vervolgens leidt tot een hogere langdurige-werkloosheidskans. Een soortgelijk patroon is ook waargenomen omtrent de combinatie tussen de ontslagbescherming voor mensen met een vast contact en activerend arbeidsmarktbeleid. Een hogere mate van inspanning in activerend arbeidsmarktbeleid is gerelateerd aan meer langdurige werkloosheid in arbeidsmarkten die een relatief strikte ontslagbescherming hebben voor mensen met een vast contact. In arbeidsmarkten met een relatief flexibele ontslagbescherming van mensen met een vast contract is meer inspanning in activerend arbeidsmarkbeleid gerelateerd aan minder langdurige werkloosheid. De ontslagbescherming van mensen met een tijdelijk contract lijkt niet te interacteren met activerend arbeidsmarktbeleid in relatie tot langdurige werkloosheid. Om twee redenen zou het ontslagrecht bij kunnen dragen aan het vergroten van de effectiviteit van activerend arbeidsmarktbeleid. Een flexibele ontslagbescherming vermindert de nadelige financiële consequenties van een werving- en selectiebeslissing (Avdagic, 2015) en vermindert dus de potentiële nadelige consequenties van stigmatisering op basis van programmaparticipatie. De ontwikkeling van menselijk kapitaal wordt ook gelinkt aan ontslagbescherming. In landen met een strikte ontslagbescherming is het in het belang van de werkgever om te investeren in bedrijfsspecifieke vaardigheden van zijn of haar werknemers vanwege langdurige aard van arbeidsrelaties. Voor werknemers in landen met een flexibele ontslagbescherming is het juist meer in het eigenbelang om meer algemene vaardigheden te ontwikkelen vanwege de onzekere arbeidsrelatie, zodat zij makkelijker kunnen verwisselen van werkgever (Hall & Soskice, 2001). Dit impliceert dat participanten in landen met een flexibele ontslagbescherming in het algemeen minder

hulpbronnen en tijd nodig hebben om een nieuwe baan te vinden vanwege de samenstelling van hun menselijk kapitaal. Een soepel ontslagrecht kan dus bijdragen aan het verlagen van de kans dat een *lock-in effect* optreedt en het verminderen van potentiële stigmatiserende effecten van programmaparticipatie.

In hoofdstuk 3 is onderzocht hoe de samenhang van trainingsprogramma's en werkprogramma's met de ontslagbescherming in relatie tot langdurige werkloosheid anders is tijdens periodes van economische groei en krimp. De analyses laten zien dat werkprogramma's en een strikte ontslagbescherming voor mensen met een vast contact alleen complementair is in het verlagen van langdurige werkloosheid wanneer het economisch groeiniveau in acht wordt genomen. Meer inspanning in activerend arbeidsmarktbeleid lijkt samen te hangen met minder langdurige werkloosheid in landen met een flexibele ontslagbescherming en samen te hangen met meer langdurige werkloosheid in landen met een strikte ontslagbescherming. Dit effect is sterker tijdens periodes van economische krimp. Er zijn geen interacties geobserveerd tussen trainingsprogramma's en ontslagbescherming, ook niet wanneer het niveau van economische groei in acht werd genomen. De uitkomsten van dit onderzoek suggereren dus dat een samenstelling van instituties die aansluiten bij het economisch eigenbelang van de werkgever vooral effectief is gedurende tijden van economische onzekerheid. Aangezien trainingsprogramma's niet in directe zin het economisch eigenbelang van de werkgever dienen, biedt het een verklaring waarom deze programma's niet complementair zijn aan het ontslagrecht en de conjunctuurcyclus in relatie tot het verlagen van de langdurige werkloosheid.

Individuele verschillen en activerend arbeidsmarktbeleid

De studies in hoofdstuk 4 en 5 richten zich op hoe kenmerken op het individuele niveau invloed hebben op arbeidsmarktkansen en –attitudes en hoe dit anders is vanwege verschillen in inspanning in en de compositie van het activerend arbeidsmarktbeleid. Beide studies richten zich op verschillen in educatie, aangezien het educatieniveau in een steeds grotere mate afgeschilderd wordt als zeer belangrijke voorspeller voor arbeidsmarktkansen en –positie. Vanwege de opkomst van de postindustriële economie is de arbeidsmarktpositie van lager opgeleiden verzwakt vanwege een verhoogde mate van competitie met het midden segment van de arbeidsmarkt onder invloed van technologische veranderingen (Autor et al., 2003; Goos & Manning, 2007; Oesch & Manning, 2011) en toenemende flexibilisering onder invloed van economische globalisering (Schmid, 2010; Wood, 1995). In reactie op deze structurele veranderingen wordt het stimuleren van leren meer ingezet als beleidsinstrument om werkloosheid tegen te gaan en om de arbeidsmarktpositie van zwakke groepen te verbeteren. Onderzoek laat echter zien dat laagopgeleiden minder snel geneigd zijn om te participeren in leeractiviteiten vanwege economische en culturele redenen (Fouarge et al., 2013; Illeris, 2006). Dit impliceert dat

activerend arbeidsmarktbeleid mogelijk bijdraagt aan het ontstaan van Mattheuseffecten. Dus om inzichtelijk te maken hoe activerend arbeidsmarktbeleid de arbeidsmarktpositie van laagopgeleiden in vergelijking met hoogopgeleiden beïnvloedt, richt de studie in hoofdstuk 4 zich op verschillen in het werkloosheidsrisico van lager en hoger opgeleiden en hoofdstuk 5 richt zich op verschillen in leerhoudingen.

De studie in hoofdstuk 4 onderzoekt hoe trainingsprogramma's en kortdurende loonkostensubsidies (*hiring subsidies*) samenhangen met verschillen in het werkloosheidsrisico gedurende een periode van economische krimp. De theoretische focus is gelegd op arbeidsmarktcompetitie en cumulatieve voor- en nadelen op basis van opleidingsniveau. Een combinatie van data op het microniveau en macroniveau is gebruikt. De microdata is afkomstig van de European Social Survey (ESS) en de macrodata is afkomstig van de OESO. Dit resulteerde in een steekproef van 18.172 observaties uit 19 landen. De resultaten van de analyse laten zien dat meer participatie en investeringen in trainingsprogramma's samenhangen met kleinere verschillen in het werkloosheidsrisico tussen lager en hoger opgeleiden. In landen met hogere investeringen en participatie in trainingsprogramma's is het werkloosheidsrisico lager voor laagopgeleiden en hoger voor hoogopgeleiden in vergelijking met landen die een relatief laag investerings- en participatiegraad hebben in trainingsprogramma's. Dit suggereert dat lager opgeleiden een competitievere arbeidsmarktpositie bezitten in landen die een hogere trainingsprogramma-intensiteit hebben. Dit leidt er toe dat de neerwaartse druk van hoger opgeleiden tijdens periodes van economische krimp beter weerstaan wordt en zo neerwaartse substitutie tegen wordt gegaan.

In hoofdstuk 5 is de culturele dimensie van activerend arbeidsmarkt belicht. Het hebben van een proactieve leerhouding wordt gezien als een sterke voorspeller van participatie in trainingsprogramma's. Deze studie heeft dus als doel om meer inzicht te creëren in hoe arbeidsmarktinstituties samenhangen met verschillen in de leerhouding op basis van de educatie- en familieachtergrond. Op basis van socialisatietheorie is de verwachting geformuleerd dat structurele verschillen bestaan in leerhoudingen van mensen, welke afhankelijk is van de blootstelling aan diverse socialisatieagenten. Gedurende de primaire socialisatiefase spelen ouders een belangrijke rol in de vorming van de leerhouding van hun kinderen (Berger & Luckmann, 1996; Bernstein, 1971; Bourdieu, 1984). De school speelt een belangrijke socialiserende rol tijdens de secondaire socialisatiefase in de vorming van leerhoudingen (Berger &Luckman, 1966; Parsons, 1959). Het is daarom aannemelijk om te veronderstellen dat mensen met een lager opleidingsniveau of mensen met lager opgeleide ouders in het algemeen een minder proactieve leerhouding hebben dan mensen die hoger opgeleid zijn of hoger opgeleide ouders hebben. Aangezien mensen elementen internaliseren vanuit de institutionele omgeving (Singh-Minoux & Marmot, 2005), was de verwachting dat de verschillen in de leerhouding kleiner is in landen die relatief veel investeren in

trainingsprogramma's. Een combinatie was gemaakt tussen data op macroniveau over de investeringsgraad in trainingsprogramma's van diverse Europese landen en data op microniveau van de PIAAC met informatie over leerhoudingen en arbeidsmarkt- en educatiekenmerken, wat resulteerde in een steekproef van 64.150 observaties uit 19 landen. Uit de analyse bleek dat mensen die hoger opgeleid zijn of hoger opgeleide ouders hebben gemiddeld genomen een meer proactieve leerhouding hebben. De verschillen in leerhoudingen zijn kleiner in landen die meer investeren in trainingsprogramma's. Deze resultaten impliceren dat activerend arbeidsmarktbeleid, en trainingsbeleid in het specifiek, een socialiserende rol heeft met betrekking tot leerhoudingen.

Conclusie en discussie

Deze dissertatie beoogde meer inzicht te bieden in de bedoelde en onbedoelde effecten van activerend arbeidsmarktbeleid. Omdat zowel de programmatheorie als de meerderheid van de onderzoeken naar activerend arbeidsmarktbeleid zijn primair geënt op rationale-keuzetheorieën, is er een institutioneel theoretische perspectief gehanteerd om te komen tot additionele inzichten. De analyses in deze dissertatie suggereren dat de institutionele structuur van de arbeidsmarkt invloed uitoefent op de mechanismen van activerend arbeidsmarktbeleid. Dit onderzoek wekt ogenschijnlijk de indruk dat activerend arbeidsmarkt complementair is aan institutionele structuren die gebaseerd op een logica van efficiënte arbeidsallocatie en flexibiliteit en niet met institutionele structuren die gebaseerd zijn op coördinatie en zekerheid. Beide onderzoeken uit hoofdstuk 2 en 3 laten toch een iets genuanceerder beeld zien. Zo laat het onderzoek uit hoofdstuk 2 zien dat een soepel ontslagrecht met betrekking tot vaste arbeid complementair is aan activerend arbeidsmarktbeleid in het algemeen in relatie tot het verminderen van langdurige werkloosheid terwijl dit niet zo is bij het ontslagrecht met betrekking tot tijdelijke arbeid. Het onderzoek in hoofdstuk 3 laat zien dat werkprogramma's een complementariteit vormen met het ontslagrecht omtrent vaste arbeid in relatie tot het verminderen van langdurige werkloosheid terwijl dit niet is geobserveerd bij trainingsprogramma's. Vanwege deze observaties kan niet geconcludeerd worden dat activerend arbeidsmarkt tot een specifieke institutionele configuratie behoort zoals beschreven in VoC. Het lijkt waarschijnlijker dat diverse elementen van verschillende instituties een complementariteit vormen op basis van een meer specifieke logica, zoals het verminderen van financiële risico's voor werkgevers omtrent de werving en selectie van nieuwe werknemers.

Sommige onderzoekers (Bonoli et al., 2017; Cantillon, 2011; Pintelon, Cantillon, Van den Bosch & Whelan, 2013) stellen dat sociaal investeringsbeleid, zoals activerend arbeidsmarktbeleid, mogelijk leidt tot Mattheuseffecten door middel van cumulatieve voor- en nadelen. Dit onderzoek heeft hier geen ondersteuning voor gevonden in het geval van trainingsprogramma's en verschillen die gerelateerd zijn aan opleidingsniveaus.

De resultaten suggereren dat trainingsprogramma's als onderdeel van een institutionele structuur bijdragen aan het versterken van de arbeidsmarktpositie en bijdragen aan het verwerven van een meer proactieve leerhouding van zwakkere groepen. De verschillen tussen sterkere en zwakkere groepen lijken kleiner te zijn in landen waar in meer inspanning wordt geleverd in trainingsprogramma's.

Deze dissertatie levert ook een bijdrage aan het onderzoek naar activerend arbeidsmarktbeleid in meer algemene zin. Het is gebruikelijk om in cross-nationaal onderzoek naar activerend arbeidsmarktbeleid om één indicator te incorporeren in het analytisch model. Clasen, Clegg en Goerne (2016) bekritiseren deze praktijk en pleiten voor het gebruik van gedisaggregeerde indicatoren naar programmatype om zo te komen tot meer inzichten in de werking van specifieke programma's op macroniveau. De analytische resultaten ondersteunen deze oproep, omdat verschillende studies in deze dissertatie laten zien dat de individuele programma's differentiële effecten hebben. Deze dissertatie laat ook zien, in lijn met andere onderzoeken (Dahl & Lorentzen, 2005; J.P. Martin & Grubb, 2001), dat het belangrijk is om de individuele karakteristieken van mensen mee te nemen in het onderzoek naar effecten van activerend arbeidsmarktbeleid, aangezien effecten anders uit kunnen pakken op basis van verschillende groepskenmerken. Deze dissertatie toont ook aan dat in de studie naar activerend arbeidsmarktbeleid het ook de moeite waard is om culturele elementen mee te nemen in de onderzoeksvraag. Het overgrote merendeel richt zich op de socio-economische effecten van activerend arbeidsmarktbeleid, maar besteedt zeer weinig aandacht cultureel-cognitieve en normatieve aspecten. Vervolgonderzoek zou zich hier meer op kunnen richten om zo onze kennis over instituties in het algemeen en activerend arbeidsmarktbeleid in het specifiek te vergroten. Naast deze meer algemene opmerkingen, is het ook belangrijk om aan te geven dat het zeer moeilijk bleek te zijn om de rol van werkgevers te kunnen onderzoeken vanuit een landen-vergelijkend perspectief. Meerdere onderzoekers pleiten voor meer onderzoek naar de rol van werkgevers in de context van activerend arbeidsmarktbeleid, omdat de meeste aandacht wordt gelegd op de aanbodzijde van de arbeidsmarkt (Ingold &Stuart, 2015). Ondanks dat er zeer grove indicatoren kunnen worden geconstrueerd met bestaande data, is het van belang dat meer gedetailleerde data wordt verzameld om te komen tot meer robuuste uitkomsten en hardere conclusies.

Naast de theoretische en methodologische beschouwingen en bijdrages leidt dit onderzoek tot de volgende beleidsaanbevelingen. De effectiviteit van activerend arbeidsmarktbeleid kan vergroot worden door elementen te introduceren die het economisch eigenbelang aanspreken van zowel de vraag als de aanbodkant van de arbeidsmarkt. De resultaten suggereren ook dat werkprogramma's bijdragen aan de veerkracht van de arbeidsmarkten die een soepel ontslagrecht hebben, en dan vooral tijdens periodes van economische krimp. Dit impliceert dat uitgaven aan werkprogramma's toe moeten nemen wanneer de

economie krimpt en af moeten nemen wanneer de economie groeit. Trainingsprogramma's kunnen aan ook bijdragen aan het versterken van de arbeidsmarkt en in het specifiek de positie van lager opgeleiden. Deze programma's kunnen helpen bij het tegengaan van neerwaartse substitutie-effecten wanneer de economie krimpt. Aan de andere kant, lijken deze programma's ook bij te dragen aan het verhogen van de werkloosheidskans van hoger opgeleiden, omdat zij meer competitie ervaren van lager opgeleiden. Dit zou problematischer kunnen zijn voor landen die zich meer richten op kennisproductie. Trainingsprogramma's lijken ook bij te dragen aan een nationale leercultuur. Volgens de Sociaal-Economische Raad (2017) draagt een cultuur die actief leren promoot bij aan het kapitaliseren op de transformatie van de economie die zich meer richt op kennisproductie dan vroeger. De studies in deze dissertatie laten ook zien dat beleidsleren door middel van benchmarking zorgvuldig uitgevoerd moeten worden, aangezien de effecten van beleidsinstrumenten kunnen verschillen verschillende institutionele contexten.

About the author

Luc Benda (1985, Rhoon, the Netherlands) obtained his Master's degree in Sociology at the Erasmus University Rotterdam in 2011. During the period from 2011 till 2014, he had several research and education jobs. He worked as a research assistant at the Amsterdam Medical Center on the HELIUS study. He also worked at the Amsterdam Institute for Advanced Labour Studies (AIAS), which is a multidisciplinary research and teaching institute at the University of Amsterdam. Luc also worked as a junior lecturer and researcher at the Department of Public Administration and Sociology. From 2014 to 2017, Luc worked as a doctoral researcher on the INSPIRES-project at the Department of Public Administration and Sociology. From 2017 he works at the same department as a postdoctoral researcher on the Sustaining Employability project. He published several articles in international peer-reviewed journals, such as the International Journal of Social Welfare, International Journal of Sociology and Social Policy, and Studies in Continuing Education. He also acted as a reviewer for the International Journal of Social welfare and the International Journal of Sociology and Social Policy among others.