



Labour market change

**Assessment of public initiatives to
combat labour market segmentation
in the EU Member States**

**Case study: Perspective 50plus
(Germany)**

[Labour market segmentation:
Piloting a new quantitative and policy analysis](#)

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Assessment of public interventions to combat labour market segmentation – Overview report

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Introduction

This report presents an in-depth analysis of the impact of the labour market programme ‘Perspective 50plus’ of the German Ministry of Labour and Social Affairs ([Bundesministerium für Arbeit und Soziales](#), BMAS). The programme was especially targeted at older recipients (50 years-old and above) of the so called ‘unemployment benefits II’ (also known as *Hartz IV*) which is a means-tested basic jobseeker’s allowance for the long-term unemployed who are not eligible for unemployment benefits.

The programme was launched in a context where reforms to increase the working age and to eliminate the long tradition of early retirement were being adopted in Germany. In the 1990s, the employment rate of workers aged 55 and above was very low in Germany, compared to Nordic countries. Since 1996, the subsidies for early retirement were gradually phased out. Similarly, the increase of the retirement age from 65 to 67 between 2012 and 2029, which was decided in 2008, was already on the political agenda.

Secondly, in 2004 the ‘Hartz laws’ promoted the merger of the formerly separated regimes for the long-term unemployed at the level of the federal unemployment agencies and of the local welfare administration, with the objective to facilitate a better, case-oriented approach to help unemployed people find work. The newly formed joint job centres resulting from this merger had a difficult start, with considerable internal organisational problems. The flexible programme ‘Perspective 50plus’ was intended to support these newly founded job centres in their start-up phase, in dealing with their strictly regulated standard programmes such as wage subsidies or retraining.

Thirdly, the focus on the long-term unemployed was based on research evidence that the probability for the older long-term unemployed to find a new job was very low in the traditional ‘youth culture’ of German companies at that time. On the other hand, the German employment protection legislation ensured a better protection of the older employed workers with a long job tenure compared to younger workers, so that their probability to get unemployed was below average.

The ‘Perspective 50plus’ programme was based on a network approach in job centres. Job centres were asked to develop ‘regional employment pacts’. The ‘regional employment pacts’ had to involve all appropriate regional and local actors to ensure more and better employment of older workers and to find new strategies and instruments for a better integration of this group into the labour market. On this basis, they could apply for additional funding from the BMAS. It was left to the job centres to decide how to use these funds. The evaluations showed that the regional pacts used a wide range of different tools and instruments, including profiling, assessments, special training measures, internships in companies, placement activities (adapted to the special needs of the target group), wage subsidies for enterprises, time management, and publicity campaigns to raise awareness of the challenges of demographic change.

Applied methodological approach

This case study is based on the analysis of the two evaluations of the first two phases of the programme, both commissioned by the BMAS. Both evaluations included an analysis of the implementation of the programme, case studies of regional pacts, interviews with employers, and monitoring data analysis for the description of the composition of the participants and the outcome of the programme. In both evaluations a CATI (computer assisted telephone interviews) panel survey of a representative sample of the participants was carried out. Both evaluations also give insights on the activation instruments used and the programme’s acceptance by employers and participants. The second evaluation added a robust causal analysis.

These evaluations of the first two programme phases are described in Table 5. They can both be regarded as reliable.

It is important to mention that the evaluations could not rely on administrative data from the job centres. This was partly the result of the governance of the programme. As it was left to the job centres to decide how to use the additional funds, this made it difficult to develop a taxonomy for administrative data. Only basic information like the number of participants and the expenditures are available for all years. It became the task of the evaluators and the GSUB to develop a more detailed database on the structure of the participants and the instruments used. The most detailed information is only available for 2010 and is reported here. Only for 2010 a reliable database with participants and non-participants was created by the GSUB which could be used for an econometric analysis using alternative matching techniques.

In addition to desk research, two semi-structured interviews have been conducted to provide qualitative information on relevant features of 'Perspective 50plus'. One interview was carried out with the programme manager from GSUB who was responsible for the programme management over the three phases. His practical knowledge helped to fully understand all the complexities of the policy measure, of its implementation and of the learning processes through the three phases across the country. The second interview was conducted with the lead researcher of the two evaluations. This interview also helped to deepen the knowledge on the implementation of the programmes and the methodology of the evaluations.

Description of the intervention in focus

Type of intervention

'Perspective 50plus' is an incentive-based labour market programme to promote the employability of the long-term unemployed aged over 50 years and to support their reintegration into sustainable employment. Contrary to standard procedures, the activation and placement instruments were not predefined. The job centres were invited to participate in the programme, to develop regional specific strategies and to commit themselves to employment targets to get additional funds. Sanctions in missing the targets were soft but underperforming ultimately led to a reduction of funds in the following year.

The job centres did not have to follow fixed rules. Input control was replaced by output control. The job centres were free to choose and to combine the activation instruments as they saw fit. They could also use the funds to employ additional staff to improve the placement services, while in standard procedures job centres tended to outsource activities because of their high case load.

The subtitle of the programme was 'Employment Pacts in the Regions'. To develop a regional specific strategy, the job centres were expected to establish regional networks with trade unions, employers and employer organisations, media, charity organisations and policymakers to disseminate the programme's philosophy in the region and to increase the willingness of companies to employ older unemployed people.

Rationale and objectives

The rationale behind the programme and its mechanisms was related to the following aspects (Büttner et al, 2008):

- Support of a mind shift in the regions, rekindling age stereotypes which were seen as a main barrier to the reemployment of older workers after four decades of early retirement practices;
- Experimentation with new strategies of integration of older workers;
- Organisation of regional and national learning processes to improve these strategies;
- Cooperation between neighbouring job centres to improve the learning processes (in the second phase with the extension of the programme);
- Development of well documented 'best practices' for future labour market programmes; and

- Provision of the newly founded job centres (with the Hartz reforms) with a start-up aid for developing own effective regional strategies with a flexible use of instruments which is not possible in the strongly regulated standards procedures.

The objectives were twofold: reintegrating the older long-term unemployed into stable jobs as far as possible and ending the claim for unemployment benefits II. In 2010, social participation for the long-term unemployed with multiple placement obstacles became the third goal of the programme, since it became obvious that reintegration into employment was too ambitious for that group of unemployed persons.

Integration was defined as a socially insured employment or self-employment in a start-up taken during the participation in the programme or three months after the end of the participation at the latest and with a duration of at least 32 days. If the employment lasted at least 180 days, it was defined as 'stable employment'.

Quantitative targets were not centrally set because of the experimental character of the programme and its governance. Nevertheless, the participating job centres had to commit themselves in their regional employment pacts to quantitative outcome indicators. In practice, commitments differed according to the different regional labour market situation and the focus on different groups of the older unemployed.

The reduction of labour market segmentation was not explicitly mentioned as a target of the programme. Nonetheless, the objectives to integrate one of the most disadvantaged groups of the unemployed and to change the age stereotypes which reduce the labour market possibilities of older workers clearly aim at reducing the barriers to employment for this group. The objective to support at least social participation of those who could not be reintegrated into employment reduces at least temporarily social exclusion, which is also an indicator of segmentation.

Time frame

The programme was first set up for three years (from 2005 to 2007). Following positive experiences and the high acceptance by all actors at regional level, it was prolonged twice (2008-2010 and 2012-2015).

Further prolongations were not possible since, in the last phase, the programme was implemented nearly nation-wide. The Federal German Court of Audit had criticised that a nation-wide implementation would require a conversion from a special programme into standard procedures of the job centres.

Target group(s)

This measure targeted long-term unemployed workers aged 50 and over who had received unemployment benefit II. In 2010, a special programme module for older unemployed people with multiple placement obstacles (like long-term unemployment, low education, health problems, disability) was added.

Delivery methods

'Perspective 50plus' was implemented by the job centres. Their participation in the programme was voluntary. In the first phase, individual job centres could apply for participation. In the second and third phases, when the programme was already well known, the job centres had to develop locally specific integration strategies with at least two neighbouring job centres and commit themselves to quantitative outcome indicators. GSUB reviewed the proposals submitted by the job centres and provided recommendations to the BMAS.

'Regional employment pacts' are partnerships signed between neighbouring job centres which jointly applied to participate in the programme. The allocation of funds was based on the agreement on a yearly objective. Target achievement was the precondition of getting funds at the same level or, if higher targets were set, at a higher level in the following year. The main

targets of the programme were: the activation of the unemployed (which means convincing them to participate in the programme and attend an individualised activation programme with different combinations of activation instruments - see Table 1); and the integration after the activation into employment.

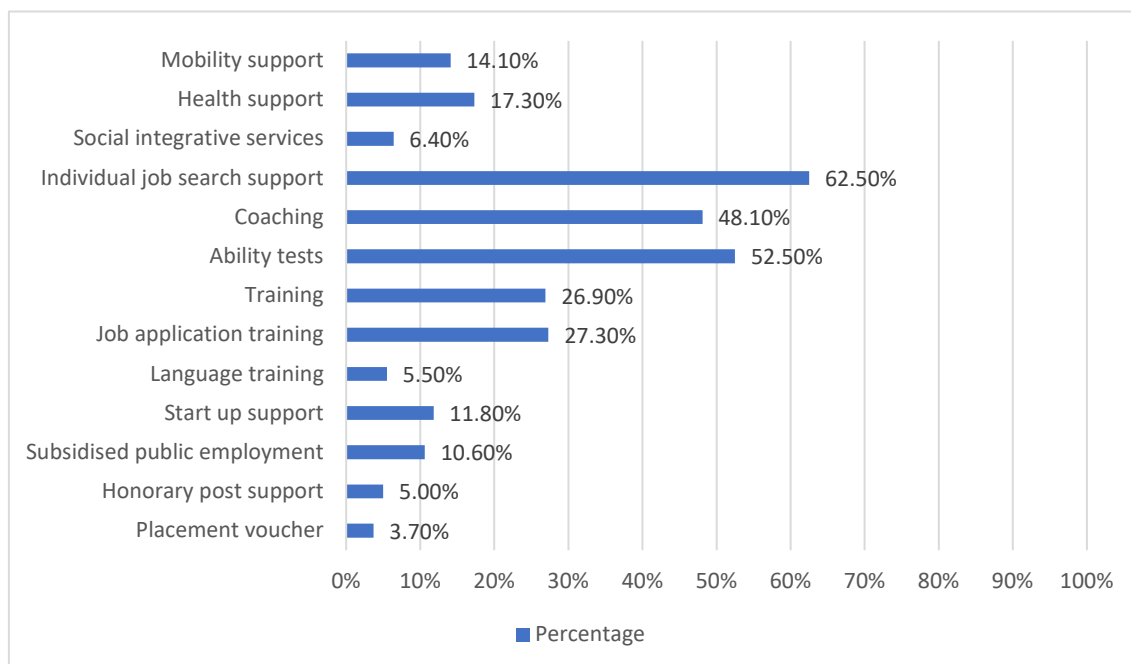
In the first phase, two models were offered for the allocation of funds:

- A. Based on a mix of objectives (integration and activation); and
- B. Based only on integration objectives.

Since the integration of these unemployed was possible only after their activation, the two targets were always mixed by the regional employment pacts and the two models were merged. In 2010, Model C was added. It focused on the older long-term unemployed with multiple placement barriers. Its main target was activation since it proved nearly impossible to integrate these unemployed persons into the labour market.

The job centres were free to use additional funds. They used them for a broad set of activation instruments which added up to nearly 287%, meaning that for each participant different instruments were combined (see Figure 1). Most of these instruments are well known. The innovative aspect ensured by the programme was the possibility to combine them according to the needs of the individual participant and to regulate the intensity of the treatment in terms of frequency and duration of the contact with the client. 62.5% of the participants were accompanied in their job search, 48.1% received individual coaching and 52.5% an ability test. Support measures for improving the health conditions or for solving mobility problems (for instance, by financing driver licenses) of the participants, especially those living in the countryside, were not new but also not practised in that intensity before. Employers' subsidies - traditionally easy to implement but also characterised by high deadweight effects, therefore very costly - were used to a much lower extent than in standard programmes. The use of instruments varied across the job centres. For instance, in 4% of the job centres 90% of the participants received health support while in 23% only 4% received it (Knuth et al, 2014).

Figure 1: Activation instruments used in 2010, % of participants



Note: 'Honorary post' refers to an official job that is done without payment. It is a measure of activation of unemployed since taking a honorary post may lead to an employment later on.

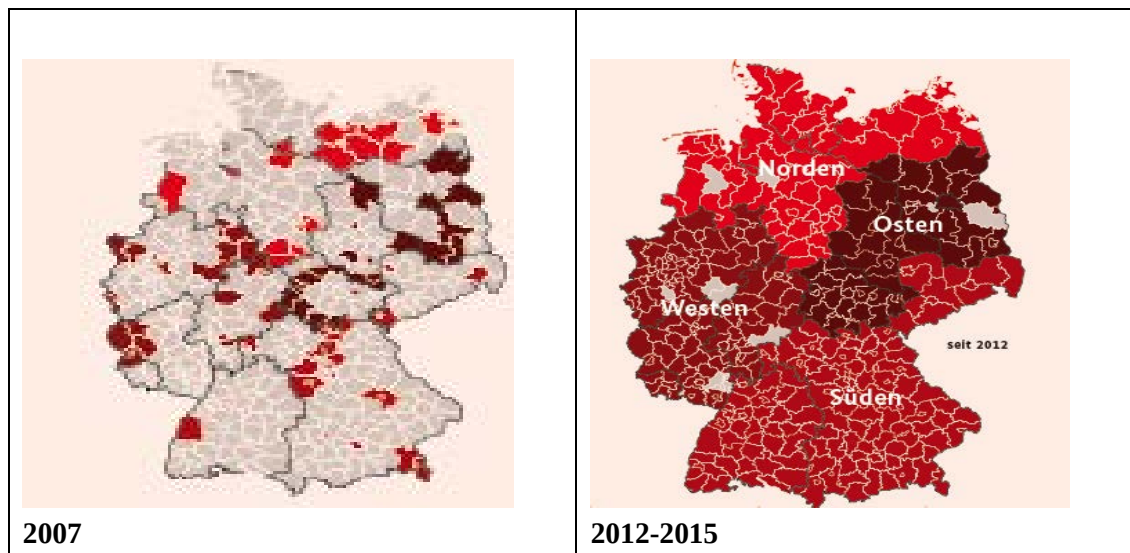
Source: Knuth et al, 2014

Key actors involved in implementation

The programme and its two prolongations were decided by the BMAS at national level. In the first phase individual job centres or one or more neighbouring job centres could apply. In the second and third phases only 'regional employment pacts' with at least two or more neighbouring job centres were accepted. Other local actors (such as regional training providers, employers, employer organisations, trade unions) could be part of the 'regional employment pacts'. In the first phase, 93 job centres participated. In the last phase the number increased to 421 - nearly all job centres in the country (see Figure 2).

The programme management was outsourced to GSUB. Besides reviewing the applications submitted by job centres, GSUB was responsible for the financial monitoring, the yearly programme monitoring (monthly and yearly activation and integration statistics), professional counselling of the participating job centres, running the programme's website, and organising the knowledge exchange and transfer (through annual regional and national conferences, a database with 'good practice' and thematic workshops).

Figure 2: Job centres participating in 'Perspective 50plus', 2007 and 2012-2015



Source: BMAS, 2015

Administrative level of implementation

The measure was implemented locally through regional employment pacts. Most of the regional pacts, which were approved by the BMAS, created steering committees involving the most important local and regional actors.

Sectoral focus

This measure did not have any sectoral focus. The job centres did concentrate their placement efforts on specific industries but mainly with the intention to offer an adequate opportunity to the older unemployed individual. Taking into account the long unemployment and the often very low skills of the target group, the focus was mainly on simple jobs. The telephone surveys of the participants conducted for the evaluation confirmed that the jobs after integration were distributed over the whole economy, but indeed with a higher focus on simple jobs. This was especially the case for the participants assigned to model C (the ones considered more difficult to include in employment). Among the participants integrated in models A and B that participated in the survey, 6.9% indicated to have found a job in hospitality, 7.8% in retail trade, 5.2 % as warehouse clerks, 11.6% as cleaners, 9.2% in office jobs and 25.2% in technical and industrial jobs. Some of the jobs secured by the programme's participants might have been jobs for skilled workers. Higher shares of the participants in model C found a job as cleaners

(17.3%) or in hospitality (10.6%) and much lower shares in office jobs (2.9%) and in technical and industrial jobs (15.4%) (Knuth et al, 2012).

Funding arrangements

The programme was funded through the budget of the national government. In the first phase, the budget was €125 million per year. It was increased to €350 million per year in the third phase.

Linkages with/embeddedness into other measures (national and EU)

In the Lisbon Strategy, the European Council set ambitious targets for raising employment rates in the EU by 2010 to close to 70% for the working-age population as a whole, to over 60% for women and to 50% for older workers.

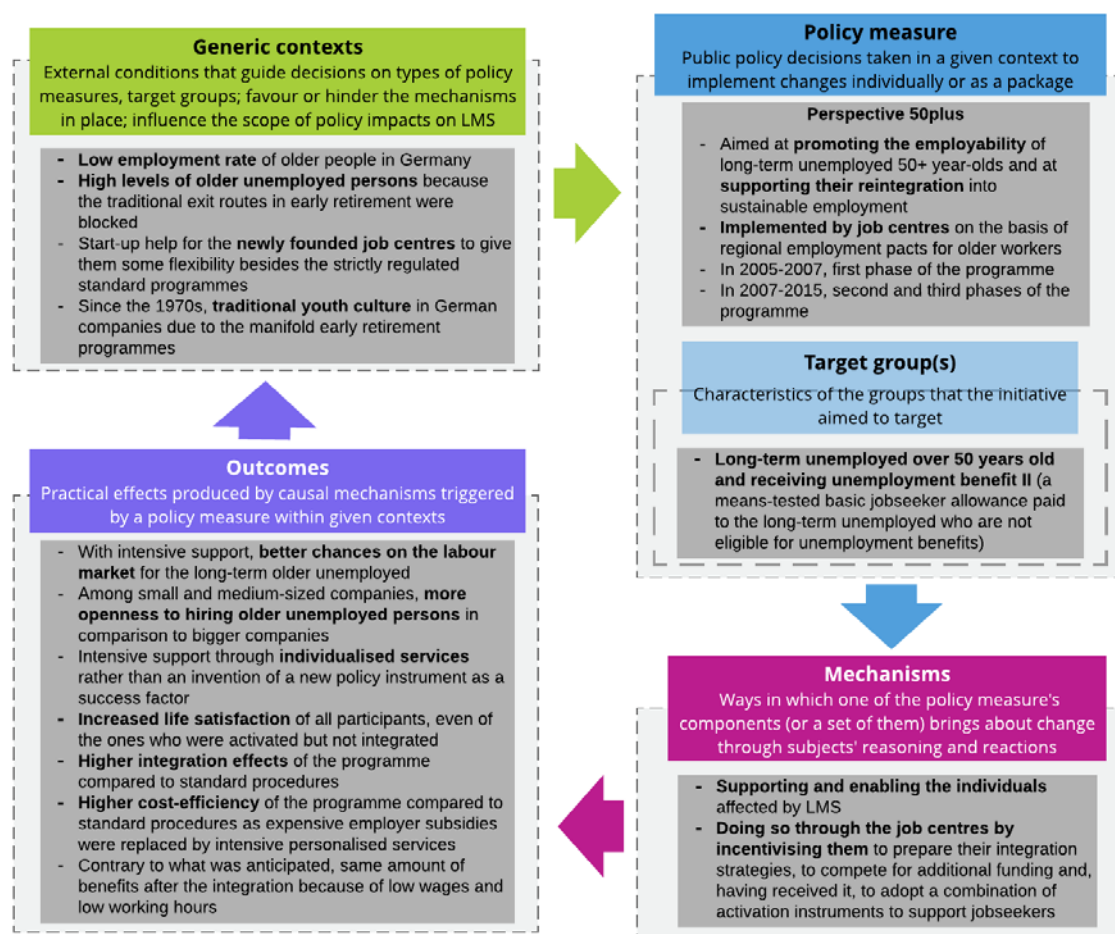
The German government explicitly referred to the Lisbon Strategy in some policy documents, such as its National Reform Programmes. In its 2005-2008 National Reform Programme, the German government stated: 'Raising the employment rate among older workers remains a firm objective for the Federal Government. At 45.4%, the employment rate among the over-55 age group in 2005 is still under the EU target of 50% for 2010 yet has risen steeply in previous years (in 2000 it was 37.5%)' (European Commission, 2006, p. 41). In its 2008-2010 National Reform Programme, the German government suggested: '62 regional employment pacts are offering intensive assistance to promote the integration of the long-term unemployed as part of the federal programme 'Perspective 50plus: Employment Pacts for Older Workers in the Regions'. In the second programme phase between 2008 and 2010, up to 200,000 older long-term unemployed persons are to be mobilised and up to 50,000 are to be reintegrated into the first labour market' (European Commission, 2008, pp. 34-35).

The 'Perspective 50plus' programme was part of a package of measures, which included a national programme of publicly financed jobs for unemployed people aged 58, subsidies for further training of workers in the age of 45+ years in small and medium-sized enterprises (SMEs) with less than 250 employees ([*Gesetz zur Verbesserung der Beschäftigungschancen älterer Menschen*](#)), more generous wage subsidies for older workers (50+ years) with an unemployment duration of at least six months and a programme to improve the quality of jobs called the New Quality of Work Initiative ([*INQA*](#)). These different programmes were thematically related but carried out separately.

In-depth analysis of the initiative in focus

This section presents an in-depth analysis of the context of the initiative, its details in terms of measures and target groups, mechanisms and outcomes. These separate elements are represented in the figure below.

Figure 3: Visual presentation of the initiative



Source: Compiled by the authors

Overview of the context

In order to tackle major structural crises in the manufacturing industry and in East Germany that followed the German unification, several heavily subsidised labour market programmes were introduced and created various possibilities for bridging the period between exit from a firm and early retirement. As a result, the employment rate for 55-64 year olds, which was 51.9% in 1970, fell to 36.8% in 1991 and remained low until the end of the century (37.6% in 2000) (Bosch and Schief, 2005).

The high costs of early exit from employment, combined with the simultaneous ageing of the population and longer time spent in retirement, nourished concerns on the sustainability of the welfare state and led to a change of the policy orientation at the end of the 1990s. From 1997, the age limits were increased step by step. The earliest age at which a pension could be received was raised to 63. The retirement age for women was equalised with that for men by 2010. From 2012, the retirement age was planned to be gradually increased to reach 67 by 2029, which also means that the age for an earlier retirement is also rising gradually from 63 to 65 years. Early retirement (two years before the actual retirement age) would only be possible with a permanent pension's reduction of 14.4%. At the same time pension levels were reduced, which also increased the pressure to work longer to avoid old age poverty.

This policy had a substantial impact on the employment rates of older workers, which increased from the historical low of 37.4% to 70.1% in 2017. In the early 2000s, the absolute number of older unemployed, however, stagnated at a very high level (1.25 million in 2000 and 1.21 million in 2005).

Research showed that the increase of the employment rate mainly took place by reducing the exit rates from employment into early retirement (Brussig, 2011). The strong employment protection supported this trend because of the high costs of dismissals, especially of older workers with a long tenure. Negative impacts on young workers could be avoided through the German dual system of vocational training, which facilitated the integration of young workers into apprenticeships.

At the same time, however, unemployment of older workers remained high. The possibilities of an early retirement before 63 years of age did not exist anymore. The exit rates of older workers from unemployment into employment remained low because of the traditional reservation of many companies to employ older workers and also because of the high share of low skilled and persons with health problems among the older unemployed (Brussig, 2011).

Table 1. Employment rates by age groups: 55-64 and 20-62 in Germany 2000, 2005, 2010, 2015 and 2017 (%)

Year	2000	2005	2010	2015	2017
Employment rate, age 55-64	37.4	45.5	58.2	66.2	70.1
Employment rate, age 20-64	68.7	69.4	75.0	78.0	79.2

Source: Compiled by the authors, adapted from Eurostat

Table 1 shows that, due to the pension and labour market reforms, the employment rate of older workers increased much faster than the overall employment. Nonetheless, at the same time this had led to an increasing differentiation of employment chances among older workers. Those with a job could remain in their job and were better protected than younger workers against dismissals, and those who were unemployed had less chances than younger unemployed to find a job (Brussig et al, 2008). It became evident that these reforms had to be complemented by an active labour market policy with the focus to improve the employability especially of the long-term unemployed older workers and to change employers' stereotypes related to age. With the 2006 'Act on Enhancing Employment Prospects for Older Persons' ([*Gesetz zur Verbesserung der Beschäftigungschancen älterer Menschen*](#)), further vocational training for older persons was promoted. Moreover, the integration subsidies for companies hiring older workers were expanded. The INQA, which is still active in 2019, is focusing on mastering the challenges of demographic change. INQA provides practical assistance to employers on how to focus their human resource management practices on an ageing workforce.

Overview of the mechanisms

The participation of the job centres in 'Perspective 50plus' was voluntary. Nevertheless, the pressure from the labour market to participate in the programme was obvious. In spite of an increasing employment rate of older workers, the number of older long-term unemployed stagnated since the traditional exit routes in early retirement were blocked.

The federal government set strong incentives to participate by offering additional money to the job centres' yearly standard budget. The participating job centres had to liaise with other neighbouring job centres and to develop a specific local strategy for the integration of older unemployed in a regional employment pact. As indicated by the subtitle of the programme ('Employment Pacts in the Regions'), this meant that a group of job centres could jointly apply for the participation in the programme and receive a joint budget to implement their strategy. Labour market instruments and the use of funds were defined in detail in German legislation. A further strong incentive to participate in the programme was the fact that the job centres were

free to use and distribute the funds and to design their interventions as they saw fit. The usual input control measures were replaced by outcome control ones.

The job centres were founded in 2004 with the implementation of the Hartz laws in Germany. In that period, 'Perspective 50plus' was especially attractive since it gave the unexperienced job centres room for experimentation with instruments and with networking in the regions with positive spill-over effects to their normal business. Over the course of the programme, as both interviewees underlined, non-participating job centres were informed about the positive outcomes and the learning effects through the exchange of information and experiences in the regional and national conferences which were organised by the GSUB. In some regions, groups of 'Employment Pacts' formed a network for the exchange of ideas and information.

The close networking and the mutual learning in the programme provided a positive competitive environment for the 'Employment Pacts in the Regions' to be successful. The nearly nation-wide participation in the programme (see Figure 2) is a good indicator of its attractiveness and especially of its efficient implementation.

Overview of results and impacts

The evaluations showed that the programme's target of 'stable' employment lasting at least six months was achieved by 23% of the participants. Although this result might seem disappointing, econometric analysis using alternative matching techniques reveals that the impact was significantly higher than the outcome in standard labour market programmes. At the same time, cost-efficiency was higher since the average amount per participant and per durable employment was lower (Büttner et al, 2008; Knuth et al, 2012).

In the first phase, 93 job centres covered by 62 'Employment Pacts' participated, increasing to 421 job centres covered by 78 'Employment Pacts' in the third phase (BMAS, 2015). These figures show that, in the first 'pioneering' phase, job centres often applied individually while after a learning period in the third phase bigger networks were formed with more than four job centres applying jointly on average. The network approach helped to increase the regional commitment to develop better governance of the labour market integration of older workers.

The key figures in Table 2 show that the number of participants increased from 73,873 in 2008 to 192,254 in 2011. The coverage of the target group increased to 34%, which is very high for a labour market programme (Knuth, 2014). The job take rate among the participants increased from 25% to 35% 'showing hardly any reaction to the economic slump in 2009' (Knuth, 2014, p. 246). The main reason was that the companies employing older unemployed were mainly SMEs which were providing products and services for the domestic market and were therefore less hit by the substantial drop in exports in 2009 (Bosch, 2011). The budget of the programme increased accordingly, which shows that the nation-wide expansion of the programme was made possible by the BMAS through the increase of the funds. The average spending per take-up decreased slightly which shows the increasing cost-efficiency of the programme.

Table 2: Key figures of programme development

Indicator	2008	2009	2010	2011
Unemployed 50+ total (annual averages)	860,671	914,380	931,048	923,108
Of these: Receiving minimum income benefits (the target group of the programme - annual averages)	538,736	539,536	532,896	560,939
Number of participants in programme (entrants)	73,873	124,701	188,891	192,254
Coverage of target group	14%	23%	35%	34%
Job take-ups in programme	19,490	31,133	56,208	68,083

Job take-up rate in programme	26%	25%	30%	35%
Total spending (million €)	139.5	219.8	361.5	434.9
Spending per job take-up (€)	7,158	7,061	6,432	6,387

Note: Data available only until 2011 when the evaluation ended

Source: Knuth, 2014

In 2010, the average age of participants was 54 years, and most were younger than 60 years. With a share of 44%, women were slightly underrepresented in the programme. Their share among the older unemployed was 46%. Migrants were overrepresented with a share of 24% for men and 23% for women. The last employment experience dated back on average to 39 months for men and 41 for women. Most of the participants had only the lowest level of school education (nine years) and more than a third did not have a vocational certificate, which is a high figure compared with German standards. ‘Around one quarter suffered from health conditions restricting their working ability. The high percentage of participants living in single households (significantly higher than for the same age group in the population at large) together with survey responses with regard to social networks, perceptions of loneliness and experiences of depressive moods, point to a widespread syndrome of social marginalization’ (Knuth, 2014, p. 250). These figures show that age discrimination was often not the main problem of the participants.

The structure of the participants in the allocation model C, which was focused on older long-term unemployed with multiple placement barriers, was even more difficult. The accumulated unemployment spells in the last 10 years before the participation in the ‘Perspective 50plus’ were on average 54 months in model A and B and 72 months in model C. These differences in the structure of the participants, which can also be found for other critical indicators such as skill level or health problems, clearly show the different focus of the two financing models. The A/B model targeted and reached a broad group of the long-term unemployed people aged 50 or over; whereas C model was tailored and provided support to those with multiple placement obstacles which had made the integration into employment particularly challenging for them.

The focus on personalised services is mirrored in the structure of the programme spending which is available for 2011. Table 3 shows that 44% of the funds were used for the additional staff which was needed for the individualised treatment. Some of these services, mainly specialised services like training, were outsourced and the subsidies to employers comprised only 8.8% of the total spending.

Table 3: Structure of programme spending in 2011

Additional jobcentre staff	44%
Involvement of third parties:	37% (10% via grants and 27% via contracts)
Material costs and incidental expenses	7%
Subsidies to employers	9%
Subsidies to participants	3%
Total	100%

Source: Knuth, 2014

The first and the second evaluation revealed that integration took place mostly in SMEs. These companies with less formal rules for recruitment were more open to consider the employment of the long-term unemployed.

Because of limited data availability, the causal analysis of the employment effects was possible for the period between January 2010 and March 2011 only. In this period, one third of the participants who had enrolled in 2010 became employed. About 70% of them met the target of a stable employment. This figure might look disappointingly low. However, the figure for a comparable group in standard programmes is only 19% (Knuth, 2014). ‘Econometric evaluation using alternative matching techniques and testing several model specifications corroborated the programme’s winning margin over standard treatment. A comparison of Kaplan-Meier estimates of programme participants with new hires in the labour market at large showed that former participant’s survival chances in employment were actually higher’ (Knuth, 2014, p. 251). The target of quitting benefit dependency, however, was not met. Only 27% of those who took up employment earned enough to no longer be eligible for the benefits. Many of them secured jobs in the large and, since 1997 expanding, German low-wage sector (Bosch, 2009) or they had to accept part-time jobs partly because they were not able to work full-time due to health reasons. This shows that the programme has contributed to reducing segmentation by helping participants of one of the most disadvantaged groups in the German labour market to find jobs. However, the programme often supported transitions into low-paid or non-standard (such as part-time) employment, which in light of LMS hindered the overall success of ‘Perspective 50plus’.

The CATI panel surveys showed that, after the integration, most participants were satisfied with their jobs and with the social recognition they received, and they reported an improvement of their competencies. Also, the activated but not integrated participants showed an improvement against several indicators of their mental state such as feelings of loneliness, depression or social exclusion. However, in spite of the support through the job centres, the participants did not report an improvement of their health situation. This may have to do with the short period of time (nine months) between the surveys (Knuth et al, 2012).

Conclusions and policy pointers

The target group of ‘Perspective 50plus’ was one of the most neglected groups in the German labour market policy. In the past, the main focus was to organise an early exit into retirement for this group. The programme was experimental in nature. The federal state did not define in detail the instruments of activation. It was left to the job centres in the regions to liaise among themselves and to develop region-specific strategies. Since the job centres could receive additional money which they were allowed to use flexibly, it was attractive for them to participate.

The implementation of the programme was outsourced to GSUB. Its tasks exceeded the traditional role of purely administrative implementation and financial monitoring. GSUB offered professional advice and organised an exchange of information and supported mutual learning at regional and national levels. For a decade, the whole programme became a vibrant space for experimental learning on how to activate one of the most excluded groups in the labour market. Resources were dedicated to the networking not only at the national level but also at the regional level where regional networks were created by ‘Employment Pacts’.

The first two phases of the programme have been extensively evaluated. The evaluations reveal the advantages of providing personalised individual services. The econometric analysis showed that the integration effects of ‘Perspective 50plus’ was higher than that of similar standard programmes. In addition, its personalised services were more efficient than standard procedures which often strongly rely on subsidies for employers, although the latter bear high deadweight losses.

‘Perspective 50plus’ at least temporarily helped to integrate about a third of the participants into the labour market, which consequently helped to reduce the exclusion of the long-term unemployed and thereby to address labour market segmentation. Contrary to expectations, integration into the labour market in most cases did not reduce the benefit dependency since often only low wages were earned or part-time jobs were taken up (possibly because of health

reasons). The expanding German low-wage sector (Bosch, 2009) created new segmentation lines in the German labour market at the same time when policymakers with ‘Perspective 50plus’ were trying to reduce segmentation. The expansion of low wage work in Germany, which was supported by the reduction of unemployment allowances especially for older workers and the deregulation of the labour market through the so-called Hartz-laws of 2003, undermined the goal of ‘Perspective 50plus’ to place the older unemployed into jobs with living wages. This is not the outcome of this labour market programme, but of conflicting goals followed by the government at the same time.

In terms of lessons learned, the researchers of the two evaluations underlined that ‘Perspective 50plus’ did not lead to the development of new, age-specific activation instruments. As stressed by both interviewees, the real innovation of ‘Perspective 50plus’ is not the invention of new instruments or combinations of instruments but the new type of governance of the programme. The ‘regional pacts’ allowed the job centres to develop a case-oriented approach with an individualised combination of instruments. This type of governance is transferable to other countries - allowing to increase the room of manoeuvre and for more relevant and targeted interventions at local or regional level. The main elements of this new type of governance are the following elements:

- Voluntary participation of job centres;
- Replacing input by output controls;
- Organising the exchange of ideas between the different job centres and thereby stimulating a competition on the best concepts;
- Strengthening regional networking by the obligation to build up regional networks between neighbouring job centres; and
- Complementing the administrative implementation by offering professional advice (Knuth et al, 2012).

The following pre-conditions may facilitate the success of similar programmes, if the German experience with the ‘Perspective 50plus’ was transferred to other countries:

- Good economic conditions/positive prospects for growth: In times of economic recession, employers, especially those more dependent on exports (and more vulnerable to fluctuations in international product markets) may be reluctant to hiring the older long-term unemployed and any other jobseekers.
- Complementary policies to alter employers’ behaviour: To successfully boost the employment of the older long-term unemployed, a wide range of active labour market policies are needed. Fighting age-related stereotypes and providing hiring/employment maintenance subsidies to employers, a high degree of protection against dismissals and high-quality vocational education and training for the long-term unemployed (and young people to avoid substitution effects) may help to boost the effects of such programmes as ‘Perspective 50plus’.
- High capacities of the local and regional actors involved in the implementation of active labour market policies: The higher capacities of stakeholders (including rich experience of networking and collaboration), the more potential for a successful implementation of a particular programme. High-quality public employment services combined with a track record of collaboration at the regional or even national level may significantly boost the effectiveness of such policy measures as ‘Perspective 50plus’.

Although the programme was targeted at older unemployed, a similar approach with regional pacts involving the main actors and a flexible use of funds creating a local commitment through ‘a different set of ownership as compared to standard operations’ (Knuth, 2014, p. 246) could be used for other target groups like young workers, disabled people, unskilled or new migrants.

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List of abbreviations

BA	Bundesagentur für Arbeit
BMAS	Bundesministerium für Arbeit und Soziales
IAQ	Institut Arbeit und Qualifikation
IAW	Institut für angewandte Wirtschaftsforschung
GSUB	Gesellschaft für soziale Unternehmensberatung mbH
SMEs	Small and medium-sized enterprises

Table 4: CMO ‘Perspective 50plus’ (Germany)

Intervention	Job centres could apply to participate in the programme on the base of ‘regional employment pacts’ for older workers. These pacts had to involve all appropriate regional and local actors to ensure more and better employment of older workers and to find new strategies and instruments for a better integration of this group into the labour market. The idea was to facilitate a better, case-oriented approach to help unemployed people find work. The first phase of the programme covered the 2005-2007 period. Because of the good experiences it was prolonged twice until 2015. In the second and third phase job centres had to apply jointly with one or more neighbouring job centres. A further prolongation was not possible. The German Court of Audit criticised the second prolongation with the argument that experiments or special programmes beside the legal standards are allowed only for a limited time.
Target group characteristics	Long-term unemployed over 50 years receiving unemployment benefit II (a means-tested basic jobseeker allowance for long-term unemployed who are not anymore eligible for unemployment benefits).
Contextual features	• Low employment rate of older people in Germany • High level of older workers’ unemployment because the earlier exit routes in early retirement were blocked • Start-up help for the newly founded job centres to give them some flexibility beside the strictly regulated standard programmes • Traditional ‘youth culture’ of German companies since the 1970s because of the manifold early retirement programmes.
Mechanisms	• Voluntary participation of the job centres • The job centres had to liaise with other job centres and form an ‘Employment Pact’ including a regional specific strategy to integrate older unemployed • Strong incentives for the job centres to participate since they received additional money which they could use flexibly • The programme created a competition between the job centres for the best labour market strategies • Growing interest of the job centres to participate in the second and third phase because of the high learning effects.
Outcomes	• Long-term older unemployed have a chance on the labour market with intensive support • The main success factor was not the invention of a new instrument, but the intensive support provided to the participants with individualised services • Small and medium-sized companies were more open to employ older unemployed than bigger companies • Life satisfaction of all participants increased, even in the case of the ones who were activated but not integrated • ‘Perspective 50plus’ had higher integration effects than standard procedures • ‘Perspective 50plus’ was more cost efficient than standard procedures because expensive employer subsidies were replaced by intensive personalised services

	• Dependency on benefits after integration could not be reduced as expected because the employment access through the programme was mostly characterised by low wages and low working hours.
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Table 5: Evaluation studies on the 'Perspective 50plus'

Evaluation study	Period	Data source	Methods	Outcomes	Assessment of data quality
Büttner et al, 2008	2005-2007	- Monitoring data - CATI telephone survey of participants	- Expert interviews on the implementation - Case studies - Data analysis	- The programme created a competition between the job centres for the best labour market strategies - Long-term older unemployed have a chance on the labour market with intensive support - Intensive personal support is more efficient than employer subsidies - The main success factor is flexible use of funds which allows an individualised combination of instruments - Small and medium-sized companies were more open to employ older unemployed than bigger companies	The strength of the evaluation lies in the analysis of the implementation of a completely new type of labour market programme in Germany. It is a reliable descriptive analysis. A causal analysis was not possible because of data problems (data of participants and non-participants not linked)
Knuth et al, 2012	2008-2010	- Monitoring data - CATI telephone survey of participants - Standardised survey of job centres - Linked data set (data set with participants and non-participants linked with the historical registers of	- Expert interviews on the implementation - Case studies - Descriptive data analysis - Econometric evaluation using alternative matching techniques	- The main incentive of the jobs centres to participate was the flexibility they had in the use of the extra funds - The job centres concentrated their efforts on the unemployed with multiple placement barriers - Life satisfaction of all participants increased. Also, those participants who had been activated but not integrated in the labour market felt less excluded - Nearly half of the funds were used to finance new staff for personalised services	This evaluation builds on the knowledge of the first evaluation. The success factors of the programmes are clearly elaborated. The creation of an own database allowed a robust econometric causal analysis. The evaluation is based on an excellent combination of qualitative and quantitative methods.

		employment, benefits and participation in earlier labour market programmes)		• The main success factor was not the invention of new instruments but the intensive support of the participants with individualised services • Small and medium-sized companies were more open to employ older unemployed than bigger companies • ‘Perspective 50plus’ has higher integration effects than standard procedures • ‘Perspective 50plus’ was more cost efficient than standard procedures because expansive employer subsidies were replaced by intensive personalised services • Dependency on benefits after integration could not be reduced as expected because the integrated participants were mainly occupied in low wage job and part-time jobs.	
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