
The local governance of active inclusion: A field for social partner action

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Abstract

The idea of ‘active inclusion’ was embraced by the European Commission in 2008 and supported financially through the European Social Fund, inspiring national and subnational reforms throughout Europe. This article analyses the role played by social partners in its implementation, using three comparative case studies to assess its transposition at the local level in Spain, France and Sweden. Despite convergence in the vocabulary used by actors involved in labour market governance, translation into local measures is different, with significant implications for policy-making. To explain the varieties of active inclusion, I focus on the interplay between structure and the agency of competing local political and social actors who participate in labour market governance.

Keywords

Active inclusion, EU employment policy, industrial relations, labour market governance, local regulation

Introduction

Industrial relations studies have traditionally focused on institutions or companies at the national level, where the conventional processes of socio-economic regulation take place and where unions and employers have structured their central organizations. Subnational contexts have attracted less attention and have long been underestimated, rarely being considered the locus of significant industrial relations practices, since this is not the level at which matters such as wages and job conditions are regulated through collective bargaining (Regalia, 1998).

However, since the 1980s national institutions have started to loose thier capacity for economic regulation: the rescaling of welfare states (Kazepov, 2010) and devolution of socio-economic competences have expanded regional and municipal responsibility and

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autonomy across Europe, widening the scope for industrial relations actors locally. This trend has been fostered by the development of the European Employment strategy (EES) and its multi-level governance, providing new tools and resources for local activism. Regions and cities have, therefore, increasingly become the institutional level and concrete terrain to respond to the challenges of the post-Fordist and global economy, in which both traditional and new forms of cooperation between industrial relations actors and local institutions have taken root.

This process has gradually become more visible. In the 1990s, some innovative comparative studies highlighted the increasing significance of intermediate and local industrial relations, showing an 'incremental accumulation' of practices and initiatives which were successful because of their flexibility and adaptability to context (Regalia, 1998; Regini, 1995). More recently, a North-American debate has emerged in this regard, driven by the revitalization of labour-community urban alliances and regional mobilization in the USA (Doussarda and Lesniewskib, 2017; MacDonald, 2017). Here, community unions have tried to fill the void of the economic and political organization of insecure, unstable low-income workers by focusing on issues of jobs and wages in their communities (Fine, 2005).

In this article I address the distinctiveness of subnational social regulation and the interaction between labour, capital and public authorities at the local level. For this purpose, I focus on the implementation of the European Strategy of Active Inclusion, one of the key principles of the EES (now part of Europe 2020), and illustrate the role played by social partners in its transposition at a local level. The *Recommendation on the Active Inclusion of people excluded from the labour market* (European Commission, 2008) is a good example: it provided for the direct involvement of trade union and employer organizations at all territorial levels in developing employment and inclusion strategies within the member states. Given that its implementation has been subsidized through the European Social Fund (ESF), this Recommendation has in particular given rise to local reforms throughout Europe.

An extensive literature has documented the shift towards activation programmes across Europe and the diverse range of measures labelled as active labour market policies (Barbier and Ludwig-Mayerhofer, 2004; Bonoli, 2013). However, very little attention has been paid to the involvement of social partners in this process. I present three comparative case studies to assess their role in the implementation of active inclusion at the local level in Spain, France and Sweden. I find that, despite convergence towards the active inclusion principle in the vocabulary and rhetoric adopted by political and social actors involved in local labour market governance, its interpretation differs from one context to the other, with significant implications in terms of policy-making. These different local interpretations are explained by referring to two types of variables: structure (mainly institutions and historical legacies) and the agency of political and social actors locally engaged in labour market policies. In order to bring into focus the role of structure and agency (Burroni and Scalise, 2017), I draw key concepts from the theory of strategic action fields (Fligstein and McAdam, 2012). This analytical framework makes it possible to reveal the power struggles between local social partners and policy-makers in shaping different meanings of active inclusion.

The next section highlights the relevance of subnational governance for social and employment policy-making and the spaces for local-level industrial relations. I then

explain how I use the European strategy of active inclusion and three qualitative case studies to assess the role of social partners in its local transposition. After this I show how both the different institutional assets and actors' bargaining over competing interests shape diverse interpretations of active inclusion. On the basis of this analysis, I propose a new typology of active inclusion and develop concluding reflections on how structure and agency help to explain domestic interpretations.

Subnational governance, local industrial relations and the strategy of active inclusion

The spatial reorganization of social and labour market competences has a plurality of drivers. The structural crisis of Fordism and economic globalization have been accompanied by an increased localization of production into regional economies and industrial districts, followed by a downward transfer of regulatory authority to regions and cities (Hooghe et al., 2010). In order to manage structural uncertainty and adjust to the increasingly diversified needs of the economy, legislative and executive powers have been gradually devolved to the subnational tiers of government (Regini, 1995).

The growing significance of subnational institutions has been enhanced by the decentralization of welfare competences, which has meant a growth in regional and municipal administrative autonomy and budgetary responsibility in the provision of social and employment services (OECD, 2003). This welfare rescaling (Kazepov, 2010) allowed subnational institutions to supplement national policies and decide on their own labour market programmes, increasing the space and opportunities for collaboration with territorial social partners (Burroni, 2014). An example is the devolution of public employment services to municipalities, involving new local actors in their management.

The launch of the EES encouraged this process, especially through the European Committee of the Regions and the Open Method of Coordination, and provision of financial resources (the European Regional Development Fund and ESF), which strengthened regional institutions and fostered the involvement of local stakeholders in inclusion and employment projects. This institutional pressure favoured the multiplication of local actors involved in this field, such as charities and NGOs, in a period of increasing demand from civil society for codetermination and participation in decision-making (Johansson and Panican, 2016).

As I show below, devolution did not occur only in federal or highly decentralized countries. Certainly, the institutional context influences the degrees of power of subnational governments. However, even in the most centralized contexts where the state maintains a strong steering role in welfare and employment regulation, such as France and Sweden, local government has a wide margin of action and discretion in the implementation of national guidelines within local networks (Johansson and Hvinden, 2007). Thus, these subnational arenas provided new scope for situated action by social partners and concerted initiatives to promote socio-economic inclusion locally.

Since the 1990s, scholars have shown the effectiveness of subnational industrial relations in achieving cooperation among interests, made possible through the accumulation of social capital and relational networks useful to 'sustain change and adaptation, and to tackle the governability problems of complex economies' (Regalia, 1998: 162). Furthermore, the

recent literature on urban mobilization has shown that some unions have revitalized their agenda in innovative ways, redefining their purpose and role in the political arena as social agents, beyond the sphere of traditional industrial relations (Gumbrell-McCormick and Hyman, 2013). This literature highlights the role of regions and cities as institutionalized spaces where social partners restructure their established practices and find new approaches to political engagement, forging coalitions with community groups and reviving their action within local governance (Doussarda and Lesniewskib, 2017; MacDonald, 2017).

Drawing on these studies, we can distinguish different patterns of social partner action and involvement in local policy-making. First, local public authorities establish local concertation in bipartite and tripartite committees to implement regional or municipal policies, for instance, in the field of vocational training. Second, social partners perform advisory or consultative roles towards subnational institutions, or form coalitions with other local actors, to set agreements to promote specific programmes or the inclusion of labour clauses in local policies. Third, they exert advocacy and pressure on subnational institutions, lobbying for new regulation, to require public intervention on specific local matters or reclaim access to local and urban services. Fourth, they provide services in relation to migrant worker integration, such as language classes, legal services, worker rights education or access to healthcare. At the same time, subnational governments also intervene directly in the sphere of labour relations to mediate conflicts which have not been resolved collectively or to regulate the behaviour of industrial relations actors through regional legislation on economic and social matters.

Such patterns of subnational industrial relations allow us to interpret the local governance of the labour market as an institutionalized strategic action field (Fligstein and McAdam, 2012). This is a circumscribed social arena, which can be strongly or weakly organized, hierarchical and stable, where collective and institutional actors mobilize and interact with one another under a set of common understandings. For Fligstein and McAdam, actors create and maintain stable fields through strategic actions by securing the cooperation of others, creating political coalitions and finding collective definitions of interest. A set of actors with more or less power – incumbents and challengers – occupy different positions in the field and possess shared understandings about its rules, what is legitimate and possible, a frame of reference through which actors make sense of the situation.

According to this approach, different actors vary in their interpretations of events and respond to them from their own point of view, mobilizing a variety of repertoires of behaviour. These can trigger episodes of contention aimed at change, or conform to the prevailing order and maintain stability. While incumbents' interests and logics are reflected in the dominant organization of the field, challengers occupy less privileged niches and are expected to adapt to the dominant order, awaiting opportunities to challenge its structure or logic. Actors' skills and the positions they occupy in the field affect their ability to engage in cooperation, competition and collective action. Moreover, incumbents safeguard the stability of the field by virtue of the presence of internal governance units that routinize and institutionalize field practices and understandings.

The theoretical framework of strategic action fields, which aims to account for institutional change, the persistence of social order and the role of actors in those processes, is my analytical lens to identify the conditions that make for stability and change in labour market regulation at a local level. In particular, I use it to reveal empirically the

agency of social and political actors in the local governance of active inclusion and to highlight, first, bargaining over the different meanings they associate with active inclusion, in which diverse interests are defined; and, second, the weight of path dependence, historical legacies and institutional constraints, since ‘the field is embedded in the broader environment of other fields that powerfully shape its fate over time’ (Fligstein and McAdam, 2012: 203).

The European strategy of active inclusion and the involvement of social partners

The idea of active inclusion was promoted from the turn of the century by international organizations, leading academics and political elites, who deemed it necessary to shift from the passive logic of inclusion through income provision to an active logic, in which inclusion is realized through participation in work. In particular, the idea was widely promoted by the EU and entered the new labour market reforms in the UK, Ireland, Germany and the Netherlands in the 2000s. France and Spain followed more slowly, while other Southern European countries, especially Italy and Greece, did not embrace the activation logic and only proceeded to deregulate (Bonoli, 2013; Eichhorst and Konle-Seidl, 2008; León and Pavolini, 2014).

After the financial crisis, the European Commission reacted to the economic downturn by relaunching the idea in 2008 with its Recommendation on Active Inclusion. This time, implementation made progress even in Southern countries, although often in a fragmented and uneven way (Marchal and van Mechelen, 2017; Mori et al., 2016). EU soft governance, in times of crisis, became much more effective when supported by tangible financial incentives. Indeed, the ESF was conditional on the local implementation of the EES. Since 2008, the active inclusion concept has entered national and local reform agendas, especially in those countries subjected to fiscal consolidation and austerity programmes. These countries developed a wide array of activation policy programmes, changes in employment services and reforms in income support. The ESF, which had already promoted activation before 2008 (Verschraegen et al., 2011), became a lifeline for member states on the European periphery, in a context of reduced resources, increased unemployment and economic emergency.

The 2008 Recommendation advocated social partner engagement at all territorial levels in the development, implementation and evaluation of active inclusion measures. In 2010, the European social partners (BusinessEurope, UEAPME, CEEP and ETUC) negotiated an ‘Autonomous framework agreement on inclusive labour markets’, which committed their members to its promotion and recommended that public authorities and other bodies involved in the governance of the labour market collaborate with social partners at the appropriate level.

Active inclusion policy principles

What kind of policies does the European Commission want to promote with this strategy? According to the Recommendation, national and local governments should

design and implement an integrated comprehensive strategy for the active inclusion of people excluded from the labour market combining adequate income support, inclusive labour markets and access to quality services. Active inclusion policies should facilitate the integration into sustainable, quality employment of those who can work and provide resources which are sufficient to live in dignity. (European Commission, 2008: 12–13)

The lack of an unequivocal and precise definition of policy instruments to obtain the very broad goal of taking ‘the necessary measures to promote inclusive labour markets in order to ensure access to employment is an opportunity open for all’ (European Commission, 2008: 13) makes the strategy imprecise, open to different interpretations and associated with multiple types of policies (ranging from upskilling programmes to various subsidies and job incentives). Like other European policy principles, such as flexicurity, active inclusion is an extensive, ambiguous and imprecise notion, sometimes incoherently and ideologically described, understood differently in different contexts (Burroni and Keune, 2011).

However, an extensive academic literature has defined the different measures labelled as active labour market policies and clustered the diverse domestic models of activation. To investigate the transposition of active inclusion at the local level, I draw on the analytical distinction between demanding and enabling activation proposed by Eichhorst and Konle-Seidl (2008). Demanding (or as I prefer to term it, enforcing) activation denotes policies aimed at increasing job search activity and the probability of accepting a job. This implies more constraints on individual behaviour in terms of mandatory job search obligations and potential sanctioning. Emphasis on a fast entry into employment by way of enforcing elements (the so-called work first strategy) means first, lowering the duration and level of insurance or assistance benefits; second, making availability criteria and sanctioning clauses stricter (a more restrictive definition of ‘suitable job offers’, punitive sanctions for non-compliance); third, requiring individual activity through integration contracts, monitoring individual job search efforts and making participation in active labour market programmes mandatory; and fourth, replacing out-of-work income with in-work benefits that depend on being active in employment (making work pay).

Enabling activation, on the other hand, refers to policies to raise individual employability and productivity. These imply investment in human capital to improve employability in the longer run, in order to make job searchers more attractive to potential employers and to increase potential wages. This approach is based on, first, job-related training and upskilling schemes, job search assistance and counselling; second, start-up grants, subsidized employment and mobility grants supported by income benefits; third, fiscal incentives to make work pay (earnings disregard clauses, wage supplements for low-paid jobs, in-work benefits); and fourth, personalized and family support (psychological and social assistance, childcare allowance).

As these definitions show, activation (in both forms) is inextricably linked to two more policy principles, both included in the Recommendation: conditionality and personalization. Indeed, as Eichhorst and Konle-Seidl argue, the activation framework is based on the principle of benefit conditionality, which is as follows: claiming benefits is conditional upon individual action and cooperation; participation in training, education and job search programmes is made mandatory by being a prerequisite for further benefit receipt.

However, activation approaches and the intensity of conditionality can vary according to context and individual cases. To strengthen the efficacy of activation, individualized programmes and personal integration contracts between the individual and the public employment service have become more widespread. The personalization principle enhances mutual obligation wherein benefit recipients are obliged to accept employment options or training schemes in order to receive benefits while, on the other hand, the state has the obligation to enhance the employability of benefit claimants. As the EU Recommendation states, individual contracts between service providers and participants and ‘tailored, personalized, responsive services’ meet ‘the multiple needs of people as individuals’ (European Commission, 2008: 13–14) and set out their rights and obligations.

Methodology

In order to assess the role of social partners in the implementation of active inclusion, I compare three local cases: Lyon, Gothenburg (Göteborg) and Barcelona. The methodology combines process-tracing and qualitative cross-case comparison. The analysis is based on two types of sources: first, the review and thematic content analysis of EU, national and local policy documentation, communications, programmes, press accounts and regulation, collected both online (on the websites of DG Employment, Ministries of Labour, regional and municipal labour and social units, agencies and public employment services) and directly in the three contexts; second, qualitative data collected through 34 semi-structured interviews with trade unionists, employers, policy-makers and other relevant key informants (employment office staff, regional and municipal officers for social services and labour market units, local experts) conducted between the end of 2015 and 2017.

The three contexts were selected to represent different traditions of industrial relations, diverse political economies and welfare regimes. They are among the most economically dynamic and competitive second cities in Europe. All were governed by centre–left coalitions and the three regions were supported by the ESF. In the three countries, labour market governance is based on a complex multi-level system with a high number of intermediary institutional bodies, in which labour policy is regulated by national laws and implemented by local employment offices, but regions and municipalities also have a regulative, financial and administrative capacity, especially as regards training, matching, social assistance and local development measures. Although Spain shows the highest degree of regionalization, in France and Sweden mid-level and local institutions are also not mere implementers of national policy and have autonomy over many welfare provisions and services.

The interviews were conducted in a phase of recovery from the 2008 economic crisis, but the three cities still faced problems stemming from increased unemployment and poverty in previous years and the concomitant burden on public budgets. Gothenburg recovered much more rapidly, while Lyon and Barcelona remained more severely affected. Barcelona, in particular, had not yet recovered by the time of the interviews and was still affected by acute unemployment. In all three contexts, local government encouraged employment participation through active inclusion, but as we will see, they followed very diverse strategies.

Converging vocabulary, divergent meanings

The lack of an unequivocal definition of activation, conditionality and personalization principles in EU documents has not prevented them from increasingly penetrating domestic political discourse. Content analysis of interviews and policy documents reveals current reference to these principles, to the extent that they can be considered key words in policy language in all the three cases. They have entered the domestic vocabulary on welfare and labour market regulation and are regularly used by policy-makers, social partners and local officials. However, the meanings given to them tend to vary. EU concepts are reinterpreted locally to fit domestic institutional conditions but are also shaped by the choices of political and social actors and their prevailing interests. The different meanings are the contingent outcome of a process of interaction involving incumbents and challengers in this specific field.

Barcelona: the retrenchment of social dialogue and restricted active inclusion

Active inclusion in Catalonia is primarily oriented towards the removal of obstacles to labour market participation and to strengthening work incentives. This approach gained importance after the 2008 crisis, when the promotion of quick labour market re-entry became a priority in order to reduce the exceptionally high unemployment. In the 1990s, local concerted policies increased both the resources devoted to skills improvement and the synergy between income support and labour market policies, but after the outbreak of the crisis and the following austerity measures a work-first orientation prevailed (Burroni et al., 2019). This involved a shift towards bringing the unemployed and the inactive into employment, with the aim of reducing dependency, with no attention to the type of work offered.

However, this shift was not simply the result of exogenous constraints; it was also the outcome of the power struggle over the idea of active inclusion between political and social actors. Before the crisis, the Catalan region displayed a high level of social trilateral negotiation, but the 2008 crisis was a moment of rupture that set in motion transformative episodes of contention. A divergence in the interests of local government and unions emerged. The former interpreted active inclusion as an emergency measure and considered the push towards employment a necessary choice in times of crisis. Thus, any job (including low quality, low paid or precarious) was an improvement. Unions, on the other hand, continued to push for a strategy based on upskilling and training along with adequate investment in income support:

The aim is to incentivize the workless to take work, arguing that doing so will help the life chances of individuals and families. . . . Merely moving into work did not lead to an improvement. The stories of people being circulated from benefits into low-grade, temporary work and back to benefits again are widespread here. (Interview, *Comisiones Obreras*, Barcelona)

In the context of austerity, the margin of manoeuvre for redistribution was limited, which was a notable constraint on union demands. Moreover, after 2008, unions lost

much of their legitimacy, thus weakening their bargaining power (Sánchez Mosquera, 2018). At the same time, local government strategically reduced the room for traditional trilateral negotiation, diminishing the participation of social partners in decisions, while opening the political space to a wide range of actors from civil society, especially third-sector organizations, charities and the private sector. These changes, in an unstable and disorganized field, rendered social partners marginal, with no capacity to intervene on the political agenda, playing a secondary role in the implementation of the active inclusion strategy. At the same time, the new institutionalized practice of an enlarged civil dialogue involved only the implementation phase and not policy decision. Thus, as the level of consensus in the field decreased, the vision of local policy-makers prevailed and greatly influenced the interpretation of active inclusion principles.

The local interpretation that stemmed from this process of confrontation can be characterized as enforced activation, based on the political choice to prioritize employment assistance and placement services and on an underestimation of any form of insecurity related to employment conditions. As for conditionality, the requirement to be actively seeking work was written into the national unemployment benefit statute with the aim of turning passive benefit claimants into active job-seekers. If conditions were not met, sanctions were to be adopted in relation to benefits. However, the local implementation of conditionality was very weak in practice:

Benefits have already been curtailed by austerity measures, sanctions are not applied. We have also a relevant problem with the lack of personnel in the public sector. It is not possible to provide real support to every unemployed person nor to apply these requirements. (Interview, Ajuntament de Barcelona)

In this case, it was the action of local officials and third-sector organizations which prevailed over policy-makers' prescriptions. Conditionality was interpreted by local public servants as an unfair measure and as a 'slippery slope' that threatened to increase poverty and to stigmatize non-compliant recipients. In addition, the insufficient number of public servants in local administration did not allow them to guarantee an efficient orientation service nor to exercise effective control over requirements. Thus, the third principle, personalization, entering local programmes at the beginning of the 2000s, also became irrelevant in practice after 2008, given the increase in the number of unemployed people, the lack of human resources in public employment services and the restraints on spending.

This *restricted active inclusion* implemented in Barcelona acquired a tough, oppressive character, pushing all those able to work into jobs, without considering the limits of employment demand. Very fragmented income support, inefficient job programme coordination and skills formation do not allow for enabling mechanisms. Its role in promoting the inclusion of vulnerable groups was extremely limited, in a context where the rise in inequality and marginalization was the primary challenge.

Lyon: ritualistic social dialogue and embedded active inclusion

The Rhône-Alpes region demonstrates a different form of governance of active inclusion based on highly concentrated resources in local public–public partnership, which create

a hierarchical and stable field. This formalized system of alliances is composed exclusively of public actors at the devolved (*déconcentré*) level (prefectures, state agencies, territorial administrative bodies, regional and municipal institutions), which serve as defenders of the status quo. A strong vertical coordination allows the national level of regulation to determine broader general policy goals and allocate resources, while regional and urban institutions make use of their local knowledge, administrative and additional budgetary means to deliver policies.

In this system, social partners have generally been weak and possess low organizational power, which has not led to the establishment of practices of trilateral negotiation (Gumbrell-McCormick and Hyman, 2013). They are consulted at the local level on employment-related topics, but they have no power to influence the policy agenda.

After the adoption of the 2007 law on modernization of social dialogue (*Modernisation du dialogue social*), social concertation underwent a process of institutionalization, and social partners were entitled to bargain over labour market reforms. The Rhône-Alpes regional government made some preliminary attempts to expand their involvement, creating specific governance units for social dialogue such as DIRECCTE (*Direction régionale des entreprises, de la concurrence, du travail et de l'emploi*), the regional directorate for relations with employers and unions. However, participation seems to be ritualistic and ineffective, marked by high conflict and a weak impact on decision-making, with mainly unilateral results: 'Our involvement is a standardized practice. We are called to meetings but we do not have a real influence on labour market and social programmes. The region and metropole do not listen to us' (interview, CGT Lyon).

From the 2000s, new local activation measures followed the incorporation of EU employment goals into local procedures for assessing labour market policies funded by the ESF. As the recession also entailed large job losses in Rhône-Alpes, new measures were taken after 2008 to limit the increase of unemployment (the extension of part-time work, encouraging job creation through zero employer social contributions for small enterprises, expanding work-linked training), which were widely criticized by unions. However, they did not have the strength to threaten the balance of power in the field nor to negotiate any political reform. The result is that, in Lyon, active inclusion is shaped by the prevailing structure and logic of the field.

Indeed, the principle of activation is merged with the logic of *insertion sociale*, in the sense of a way 'to foster participation in the local collective life of those who are in need, based on citizenship rights and on the strong responsibility of the public authority to address this' (interview, Conseil Régional Auvergne-Rhône-Alpes, Direction du travail). This shared view results in a protective activation primarily oriented towards security and assistance. This approach is sustained by encompassing passive policies and programmes aimed at increasing the chances of entering the local labour market through the combination of job creation schemes, training and job assistance. The ideals of collective responsibility and the obligation of the state towards its citizens emerge especially in the role played by specific local state-aided jobs. In this way, the local government provides an alternative to market employment through subsidized temporary jobs in the public or the non-profit sector.

Conditionality and personalization have also been influenced by the logic of reciprocal engagement between citizen and state. The 2008 national legislation on rights and

obligations for job-seekers (*Loi relative aux droits et aux devoirs des demandeurs d'emploi*) prescribed that benefits claimants must accept 'reasonable work offers' to receive income support. Conditionality was also introduced by the 2009 law on in-work benefits for low-paid jobs (*Revenu de solidarité active*), obliging beneficiaries 'to undertake the actions necessary to improve their social or vocational insertion'.

Local policy-makers have also tried to reinvigorate this obligation, introducing personalized paths to help the unemployed to return to work. However, these principles have a largely symbolic function:

income support beneficiaries are only formally obliged to undertake the actions necessary for vocational insertion, in common practice this is considered only a condition for access to financial support, not to put pressure on the unemployed nor to reduce the length and amount of benefits. There is no sanctioning or compulsory work. (Interview, Lyon, Chargé Mission Formation)

A growing recognition by both local government and social partners of the heterogeneity of target groups and of local labour markets, which challenges uniform ways of managing social exclusion, led to increased and differentiated instruments implemented in personal social integration contracts. Yet, the contractual dimension is here intended as an agreement that allows claimants to maintain their income support, more than as an instrument for re-entry into the labour market. In short, this *protective active inclusion* exercises a very loose form of constraint and does not follow an enforcing approach. At the same time, the increasing but still modest attention to job-related training means that enabling mechanisms are weak and ineffective.

Gothenburg: immigration challenges the enabling model of active inclusion

The Gothenburg case fits best with mainstream interpretations of Scandinavian political economy. Here, the tradition of social concertation is the key to the governance of active inclusion, in which actors with roughly equal resource endowments cooperate in creating a consensual dominant coalition and shared meanings as a way to maintain order in an organized and stable field.

However, interesting differences emerge with respect to the ideal-typical Nordic model. First, municipal autonomy in social policy-making allows local actors great independence from central government in policy design. Second, this model has been exposed to important pressures related not only to the 2008 financial crisis but especially to the extraordinary 2015 immigration influx, which represents the most significant challenge. 'Gothenburg's style means that decisions in the city are made with significant agreement with social partners' (interview, Centrum för arbetsmarknadsanställningar, Göteborgs Stad). Institutionalized social dialogue is used to maintain stability in local labour market governance and the legitimacy of all the actors is recognized within and outside the field. Social partners exert substantial political power and have a key role in the configuration of the Gothenburg inclusion model, in which activation is placed at the core of this system: 'I don't think a society can function without every person active and working' (interview, Hotell-och Restaurangfacket trade union). Nevertheless, the policy goal of

increasing job participation is based on completely different assumptions compared with the orientations that emerged from the other two case studies. Gothenburg's principal activation instrument is vocational training oriented to human capital investment, a policy line that has been strongly supported by the social partners. The aim is not to find the first possible job, but to promote autonomy, freedom of choice and to offer the chance of good quality jobs. This enabling activation guarantees a skilled labour force and makes the best use of human capital through the matching of skills and job roles.

As in the Rhône-Alpes, social inclusion is expanded through encompassing social policy. However, here social policy is intended as a productive factor (Hemerijck, 2017). Citizenship is equated to being in paid work much more than is commonly seen (Halvorsen and Jensen, 2006). 'Active measures have always been privileged to passive income support' according to a principle which entails that 'no person should be granted long-term public income support until all ways of making persons self-sufficient through employment has been tried' (interview, Centrum för arbetsmarknadsanställningar, Göteborgs Stad).

Strict eligibility criteria and increased conditionality requirements for unemployment insurance are established both at the national and municipal levels. According to the 2007 national reform, participation in activation measures no longer qualifies a person for a new benefit period because a time limit on unemployment insurance has been introduced, together with sanctions for non-acceptance of an assignment to a programme or a job. In addition, the local concerted system of activation allows the municipality to require anyone who receives social assistance to participate in training and other activation measures. The result is a dual, assertive level of conditionality, which is interpreted by local actors as a strict and effective proof of activation.

While in the Catalan case local officials smoothed out the social impact of conditionality, in Gothenburg public servants have substantial discretion in enforcing the level and duration of benefits and in demanding participation in activation measures in individual cases. Personalization is considered by the local coalition which governs the labour market as a way to boost productivity and economic growth by better understanding the skills that employees possess and employers require. The local strategy enhances life-long training 'helping with special programmes, especially for young and unemployed parents, to combat child poverty, for newly arrived people to play an active role in our society. . . , training for immigrants and special training for adults with disabilities' (interview, Göteborgs Stadsmission).

However, in recent years this *emancipating active inclusion* has been deeply questioned. The challenge that Gothenburg faced with the economic crisis was exacerbated by the record influx of asylum seekers: in 2016, there were about 189,000 foreign-born individuals in the Gothenburg region, 19 percent of the total population. Municipal budget constraints resulted from the increased number of claimants led the local government to support faster labour market inclusion, 'increasing the potential risk for placing clients in unstable job situations, and possibly leading to new social assistance requests' (interview, Hotell-och Restaurangfacket trade union). Given this situation, the social partners agreed on an incremental job strategy to allow immigrants to find work after a short period of initial training and to continue to be trained later, since they 'should be able to work as soon as possible', but 'we can supply as much vocational training as

needed to manage their job position' (interview, Centrum för arbetsmarknadsanställningar, Göteborgs Stad).

Yet the refugee crisis triggered episodes of contention demonstrated by a progressive change in the attitude of the social partners, who embraced divergent positions. Local trade unions felt they were losing control over migration, influenced also by the fact that an increasing number of union members started to vote for populist anti-immigrant parties (Neergard and Woolfson, 2017). Thus, after the rise in episodes of violence in some suburbs, local unions backed restrictions on immigration and on resettlement. In contrast, the local employers' confederations strongly opposed stricter criteria and controls on migrant workers, since the increased number of immigrants has enabled firms to drive down labour costs through increased competition.

In Sweden, the activation discourse has tended to be more oriented towards individual behaviour and focused on the burden that unemployed people, especially those who are not eligible for unemployment benefits, such as newly arrived migrants, represent for the municipal social assistance system.

Discussion and conclusion

These cases represent different strategic action fields which contain elements of hierarchy and coalition, tending towards one or the other (Fligstein and McAdam, 2012). Highly concentrated resources tend to create hierarchical fields which can be organized, as in Lyon, or disorganized, characterized by the frequent entry and exit of actors, no stable relationships, and no agreement on means and ends, as in Barcelona. In contrast, social actors with roughly equal resource endowments are more likely to cooperate in creating a consensual coalition as a way to bring order and stability to the field, as in Gothenburg.

The power relations and agency of local political and social actors, placed within specific (national and local) institutional contexts and affected by external (supranational and national) constraints, generate different local conceptions of common policy principles, reflecting the various forms of compromise between market transformation and social cohesion that characterize European capitalisms.

Table 1 summarizes how this interplay between agency and structure shapes EU policy principles in locally defined ways. As we have seen, the Catalan case highlights how economic constraints and extraordinary levels of unemployment have limited the range of alternatives perceived by local political actors. This led them to opt for reforms that ran counter to the interests of collective actors, promoting a restricted active inclusion strategy and adopting contradictory choices. Practices of broadened civil dialogue mobilized a wide group of public and private organizations, but clashed with the imbalance of power between actors and with the lack of resources caused by austerity. The weakening of unions and an absence of social dialogue helped create space for other social actors as representatives of civil society, which was also a reaction to growing poverty. Third-sector organizations, always important in Spain given its familial welfare and Catholic influence, gained a growing role in brokering and in tackling social exclusion during the crisis. These developments reduced the political role of trade unions and exposed the limited capacity of local government to combat poverty and guarantee long-term support to vulnerable groups.

Table 1. Active inclusion: interpretations in local contexts.

	Activation	Conditionality	Personalization of	Type of active inclusion
Barcelona	Enforcing	Not applied in practice	Responsibility	Restricted
Lyon	Protective	Eligibility for income support	Measures	Embedded
Gothenburg	Enabling	Proof of activation	Measures, increasing responsibility	Emancipating

The embedded active inclusion in Rhône-Alpes illustrates clearly the weight of institutional context and historical legacy. The deep socialization among all political and social actors to normative issues of equality and to a particular understanding of the role of the state permeates the interpretation of active inclusion. This is reflected, on the one hand, in a strong attachment to the solidarity principle and to collective responsibility, and on the other, in the local *dirigisme* also enacted in the governance of active inclusion. However, the relevance of republican values does not mean that welfare and employment policies in France are immune from internal and international pressures, nor that this system provides sufficient support and effective provisions to all those in need. An increasingly dualized labour market is differentiating those who still benefit from generous social security provision and institutionally sheltered employment relationships from a growing number of outsiders who hold non-standard jobs and are eligible only for second-tier benefits (Emmenegger et al., 2018). Rising inequality and strong social and political conflicts around recent labour policies are calling into question shared values and may provoke a cognitive change and a move towards new policy paradigms.

Finally, the capacitating model of active inclusion implemented in Gothenburg is predicated on strategic behaviour enacted by local political and social actors within a set of institutional traditions. Thanks to a deep-seated corporative system, in Gothenburg social partners have the power to define how policy problems are conceptualized in urban governance. Active inclusion tackles different types of social risks and its underlying approach is to give everyone enough support and training to find good employment. The result is the enhancement of human capital and a boost in productivity designed to sustain the knowledge society. Most of the programmes promoted by the EU were already in place in Sweden, a pioneer in this policy field and possibly a source of inspiration for the European agenda itself. However, this inclusive model has recently been challenged by the growth of international migration and appears under pressure. The political discourse, which increasingly associates asylum seekers with national security threats, terrorism and crime, is leading to the normalization of a far-right discourse on entitlement to welfare rights and a restrictionist convergence on immigration issues. As evidenced in the analysis, recent reforms have thus tended to increase individual responsibility, calling into question deep-rooted social rights and values of inclusion and hospitality.

These results show that, despite convergence towards the active inclusion principle in the vocabulary and rhetoric adopted by political and social actors involved in local labour market governance, its interpretation differs from one context to the other, with significant

implications in terms of policy-making. Industrial relations actors, practices and institutions play a fundamental role in the translation of these principles into locally customized policies, reflecting domestic priorities and power struggles over social- and labour-related issues. Nested relationships, conflicts and expectations of trust between collaborating parties, as well as established or innovative local practices, influence the ways in which policy ideas are differently implemented.

While the recent literature demonstrates the decline of industrial relations in Europe (Baccaro and Howell, 2017), I argue that there are still battlefields worthy of interest, in which social partners compete, exert action and perform different functions. In particular, by shifting our unit of analysis downwards, important insights emerge. The subnational 'layer', which is usually underestimated in the study of industrial relations and labour market multi-level governance, cannot be ignored. Thus, top-down and macro-level analysis needs to be complemented by the study of bottom-up processes and of local activism.

Finally, my article highlights that domestic variation cannot be explained without referring to both structure and agency. Traditionally, comparative capitalism analysis has explained diversity on the basis of different institutional arrangements (Amable, 2003; Hall and Soskice, 2001), neglecting the dynamics of change related to the agency of actors and their strategies, but part of the literature has addressed this gap through the study of the interplay between institutions and action (Crouch, 2005; Streeck and Thelen, 2005). By using the Fligstein and McAdam (2012) approach, focused on actors who defend or challenge existing institutions, I have contributed to this debate through showing local coalition- and conflict-driven institutional change and stability. However, the variety of the strategies and practices of social and political actors, their scope for action in changing institutional arrangements and their capacity to act and make choices, are areas that, to a large extent, still require empirical exploration.

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