

Firms and Active Labour Market Policies



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Abstract

Through quantitative analyses on a newly conducted survey of Danish firms and data provided by the Danish Public Employment system, this thesis seeks to explore what determines the preferences for ALMP held by employers as well as what characterizes ALMP protagonists among employers. In the first part of the analysis the study explores the historic development of the job-placement schemes as well as what characterizes the protagonistic firms involved in implementing this key ALMP. In the second part of the thesis the determinants explaining the preferences held by employers in relation to ALMP are mapped out. This is done by contrasting three groups of theories pertaining to the preference formation of firms: Economic, Power-related and the Varieties of Capitalism perspective. Seven hypotheses are deduced and their explanatory power is tested in relation to the involvement of firms in the implementation of the job-placement scheme using a binary logistical regression. This reveals that across different sectors of the Danish economy there exist three strong predictors of firms preferences for job-placement schemes: size, power of labour at the firm and primary nationality of the firm.

Key words: Active Labour Market Policies, Job-placement Schemes, Employers Preferences

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Chapter 1: Introduction

The role of employers and their associations in relation to public policy has resurfaced in recent years as a central topic of much scholarly interest, both in relation to welfare state research (Swenson, 1991, 1997; Mares, 2003; Korpi, 2006), labour market research (Thelen, 1999; Hassel, 2007) and political economic literature (Hall & Soskice, 2001; Estevez-Abe et al. 2001). A main reason for this has been the bifurcated reform trajectories of advanced industrialized societies during the recent decades (Kitschelt et al. 1999; Huber & Stephens, 2001). The trajectories of these reforms are intriguing for a number of reasons: first, the institutional output and distributional outcome of social policy retrenchment has been inversely related to the level of organization and centralization of capital in associations. In countries where capital is least organized such as England and the USA the welfare retrenchment and deregulation of labour markets went much further than in Scandinavia where employers are heavily organized in peak level multi-sector associations and enjoy high levels of formal political influence (King & Wood, 1999; Swank & Martin, 2001). Secondly, in-depth empirical analyses of these institutional changes have revealed that employers have reacted very differently to external pressures these contributing to these different reform trajectories. Whereas employers in the United Kingdom embraced encompassing deregulation (Wood, 2001), Danish employer associations and firms have actively engaged in reintegrating the long-term unemployed through the development and implementation of human capital intensive ALMP (Martin & Swank, 2005).

This finding that business associations and individual firms have engaged with state policy makers to deal with the negative externalities of their own activities has problematized an implicit hypothesis in much prevailing literature, being *'employers have always opposed decommodification'* (Esping-Andersen, 1990: 22). Echoing the Marxist position (Poulantzas, 1973) all employers at all times were considered to display a fixed antagonistic opposition to social institutions of all kinds that would interfere with the flexibility of the factors of production (See Korpi, 1983; Huber & Stephens, 2001). In light of the findings above as well as revisited analyses of the formation of Anglo-Saxon and European welfare states (Swenson, 2002; Mares, 2003) this *'equivalency premise'* (Swenson, 2002: 8) of fixed antagonism is considered empirically as well as theoretically problematic. Recasting the equivalency premise the main empirical focus of the new strand of employer-centered literature on the role of employers and their associations in relation to public policy is the variance in the preferences towards social institutions displayed by employers and the main theoretical goal becomes explaining this variance (Hall & Soskice, 2001; Estevez-Abe et al. 2001; Martin & Swank, 2012).

1.0 Moving towards an inter-sectoral analysis of employer preferences

Despite theoretical and methodological challenges tied to determining the factors causing preferences to vary (See Pierson & Hacker, 2002), the scholarly agenda of breaking the equivalency premise by mapping and explaining the preferences of employers to public policy and social institutions have gone surprisingly well. So far the literature has marked out three analytical levels where we can expect to find degrees of variance between employers: first, it is generally well established that *intersectoral* disagreements exists among employers over public policy (Swenson, 1991, 1997, 2002; Hassel, 2007). Secondly, empirical evidence indicates that employers tend to have widely different preferences in relation to different *policy areas* (Mares, 1997, 2003; Martin, 1999). Thirdly, *cross-country* comparative analyses show that employers in different countries display often very different preferences for very similar policies (Estevez-Abe et al. 2001; Martin, 2005; Martin & Swank, 2012).

Due to its intriguing mix of highly organized and centralized peak employer associations, low wage dispersion and egalitarian welfare state, Denmark has figured as a critical case in most of these analyses. Swenson has, contrary to the analysis put forward by Esping-Andersen (1990), claimed that the centralized labor movement and multi-sector coordination of wage bargaining in Denmark are products of the Danish exporting industries trying to limit wild cat strikes and control spiking wage levels in the domestic sectors in the late nineteenth century (Swenson, 1991). Further underlining the need for a focus on the causes of variance, Martin and Swank have, in a cross-country comparison between Danish and English employers and their reasons for participating in ALMP schemes, found different levels of participation as well as widely different reasons for participation (2012: chap. 9–10).

These studies cited above however indicate somewhat of a knowledge gap not just in the literature on Danish labour market policy but also in the more general literature dealing with how and why employers interact with public policy. The research conducted by Swenson, Hassel and indeed Thelen (2004) has forcefully showed the benefits of applying an intersectoral perspective when trying to explain variances in the interests held by employers as well as institutional outputs. As such Thelen argues in her seminal work on the origins of the German Vocational Training System, that '*skill formation was not contested between labor and capital in industry, but rather, between the artisanal sector and the modern industrial sector*' (2004: 2). Intra class conflicts between segments of employers were in other words more important in shaping institutional change than inter class conflicts. Despite this promising theoretical and empirical agenda an intersectoral perspective is lacking in large parts of the employer centered literature as well as recent research on the role of Danish employers. In their recent study Martin and

Swank perceive Danish employers as a homogenous entity in time and space with little or no internal variance in preference. This understanding is mirrored in one of the most defining frameworks seeking to advance the study of employers and their preferences for social institutions, the *Varieties of Capitalism* framework (Soskice, 1999; Hall & Soskice, 2001). In their framework the distinct product market strategies pursued by firms are characterized and complementary social and economic institutions are mapped out. Denmark is here put forward as an archetypical case where employers run a high quality niche market strategy requiring a highly trained workforce with industry-specific craft skills produced in a dual vocational training system (Estevez-Abe et al. 2001: 145–155). Firms are put center stage in the analysis and the framework but it is clearly firms in the manufacturing sector, not service sector where product market strategies are fundamentally different and general skills are more often required (Busemeyer & Trampusch, 2012: 28). However, as is becoming increasingly accepted both in the political economic literature dealing with advanced industrialized economies and welfare state literature, we need theoretical frameworks that span beyond a diminishing manufacturing sector if we wish to understand the trajectories our economies, welfare states and labour markets are taking (Iversen & Wren, 1998; Esping-Andersen, 1999; Thelen, 2012). In relation to this increasing awareness and the seminal insights gained from applying a cross-sectoral perspective to analyzing the preferences of employers, we need to increase the number of policy areas we analyze from a cross-sectoral perspective instead of treating employers as homogenous entities.

In criticizing comparative political science for turning too quickly to cross-country comparisons, Eckstein cautioned that *'Macrocossms, of course, always contain microcosms.'* (1998: 511). Echoing his criticism, cross country comparisons of employer preferences for social institutions are certainly merited as Martin and Swank (2012) have shown, but arguably we need to fully understand the single cases and the variance within these before moving to the necessary comparative analyses.

1.1 ALMP and inter-sectoral analyses of employer preferences

Despite arguably moving too quickly to the usage of comparative case designs, the work by Martin and Swank does point to a very fruitful policy area where it is imperative to establish the preference of employers: ALMP. In a Danish as well as European context one of the most salient policy areas in recent years have indeed been and remains to be ALMP and skills enhancement of the unemployed. The saliency of this issue has been brought about by the advent of what has been termed the 'Information Society' (CEC, 1993) or the 'Globalizing Learning Economy' (Lundvall & Borrás, 1997). Meeting the challenges of the globalization of trade and the increasing importance of knowledge in production, firms have been forced to adjust their production practices and utilization of labour in the production function

(Barr, 2001: 169). This has led scholars to point to a decline in the price of low-skilled labor as a result of both the high- and medium skill bias of the technological process and the massive increase in the supply of low-skilled labor following the emergence of global markets (Berthold, 1997; Acemoglu, 2002; Standing, 2009). These simultaneous developments of enlarged global labor markets and more complex and knowledge intensive production practices have significantly increased the unemployment risks of low-skilled labor (Bonoli, 2010). Faced with economic circumstances characterized by 'permanent austerity' (Pierson, 2001), nations have been forced to move away from decommodifying social transfers and find novel ways of meeting these new social risks of long term unemployment. A solution to this came in the form of ALMP and the lifelong learning agenda which together has come to stand as the nearest thing to a political consensus for the 'post-post-war' period (Crouch, et al. 1999: 5). Consequently, the European Commission have adopted ALMP and the enhancement of skills for the unemployed as one of the main instruments in the European Employment Strategy to overcome the structural challenges brought about by technical change and globalization (CEC, 1993: ch. 7; Jørgensen, 2005). The European countries have according to their national institutional legacies and political coalitions adopted the ALMP agenda in very different ways (Iversen, 2005: ch. 6; Bonoli, 2010). However, in the different ways the ALMP have been adopted, one element seems constantly salient; there is a need to involve employers in the policy process in order to more effectively overcome the skills gap between the qualifications of the unemployed and the demands of the labour market (Martin, 2000; Martin, 2004; European Commission, 2012a). The centrality of the employers within this policy field further necessitates a scholarly agenda aimed at describing and explaining the preferences held by employers in relation to ALMP. However, here we could reiterate the criticism of Eckstein; the analyses have much too quickly moved comparative before the microcosms of individual political-economies were clearly understood and explained.

In seeking to explain the divergence of cross national trajectories taken within ALMP, employers and their associations take a number of very divergent roles spanning from instigators to antagonists. Esping-Andersen, writing from a Power Resources perspective, concluded that ALMP in Sweden in the 1950s was '*only possible due to the extraordinary labor market powers of the union movement*' (Esping-Andersen & Friedland, 1982: 47). Taking a less confrontationist neo-corporatist approach Danish scholars conclude that the market conforming yet inclusionary 'Social Integrative' approach of Danish ALMP is largely a product of cross-class tripartite cooperation between employers and unions with the latter pushing for more training and the former arguing for increased disciplining (Larsen, 2005: 130;

Bredgaard, 2013: 222–227). In analyzing the role of employers in ALMP Swenson goes a step further than Larsen and Bredgaard in asserting that the Swedish employers were clear instigators and responsible for getting ALMP on the political agenda in the early 1930s (Swenson, 2002: 274–281). In a similar vein Martin and Swank argue that the Danish employers through their peak level association, the Confederation of Danish Employers (DA), were proactive in introducing Danish ALMP. They, however, go beyond this in concluding that *'Business and labor associations staved off neoliberal attacks on their jurisdiction and on active labor market spending'* (Martin & Swank, 2012: 188). Accordingly, they ascribe the Danish employers the responsibility for maintaining a high degree of path dependence of ALMP securing a high level of spending and the socially integrative outcome. Theoretically, the studies above range from Power Resources approach, over Neo-corporatism to Varieties of Capitalism. Accordingly employers take different positions within the policy process: from a Power Resources approach employers are considered perennial *antagonists* towards ALMP, the Neo-corporatist approach softens this view somewhat in seeing employers as willing or unwilling *consenters*. Lastly, the Varieties of Capitalism scholars go a step further in arguing that employers can even take the position of *protagonists* supporting and defending solidaristic human capital intensive ALMP.¹

1.2 Employers, ALMP and inter-sectoral analysis: Establishing the knowledge gap

Keeping in mind the caution put forward by Eckstein and the different analytical levels where the preferences of employers can be analyzed, the literature on employers and ALMP mapped out above displays a continuance of the knowledge gap showed to exist earlier. When the historical emergence of ALMP has been analyzed no differentiation between different subgroups of employers has been accounted for. As such the main actor on the employer side in the analyses conducted has been DA, which is the peak level employer association. This makes sense in that DA remains responsible for ALMP in relation to the Danish parliament. However, as is well established, the interest of DA reflects the internal power balance between the different employer confederations representing different subsectors of the economy (Jensen, et al. 2000). As such the analyses lack considerations about what the preferences of DA tells of the power balance between different groups within the DA. This lack of an inter-sectoral perspective is carried through into the analyses conducted by Swank and Martin which arguably have been the most thorough both theoretically and empirically on the subject of employers' preferences for ALMP (Martin, 2005; Martin & Swank, 2012). Testing a range of hypotheses dealing with what determines the preferences of firms for social institutions in general and ALMP in particular, Swank

¹ These three conceptual understandings of employers in the policy process are borrowed from Korpi (2006).

and Martin seek to grapple with the same questions as this thesis. Deriving a number of hypotheses from relevant theories they test these on two surveys of British and Danish firms and their engagement in ALMP (Martin, 2004, 2005; Martin & Swank, 2012: ch. 8–10). However, when we survey the population of the two surveys conducted these amounts to 44 cases in Britain and 43 in Denmark. This has the obvious effect that Martin and Swank, despite acknowledging the importance of cross-sectoral analyses (2012: 10), either omits sector as an independent variable (Martin, 2005) or fail to capture any difference in preferences across sectors in their regression analyses (Martin & Swank, 2012). Instead they seek to establish the variance between groups of employers using a cross-country comparative case study, which invariably leaves them treating the different groups of employers as stable homogenous entities with no internal variance in the preferences held. In doing this they fail to heed the caution of Eckstein and move towards the cross-country comparison before having fully understood the single cases. In relation to the failure of Swank and Martin to survey inter-sectoral differences amongst employers in relation to public policies we have examples of research programs which seek to rectify this. The Danish National Centre for Social Research has since 1998 made biannual surveys of corporate social responsibility both as attitudes and practices (See Thomsen, et al., 2011; Holt, et al., 2013). Here sector is a significant independent variable along with size, management practices and economic situation etc. However, when reviewing the complete list of background variables we find significant insufficiencies; the list does not include the strength of organized labour at the plant level argued by conflict theorists to be crucial in explaining employer preferences for public policy (Streeck & Scmitter, 1999). The list of background variables also lack questions regarding the level of internationalization of the firm found by globalization researchers to be a critical determinant of the preferences held by capital (Strange, 1996).

ALMP has become a main instrument in overcoming the effects of globalization and technological change being new social risks in the form of long term unemployment caused by skills gaps. Employers have a necessary role to play in these efforts at different stages in the ALMP policy process and establishing their preferences in relation to ALMP is correspondingly of both scholarly and political importance. However, when it comes to Denmark, a critical case in the emergence and recent development of ALMP, we have largely failed to treat employers as a heterogeneous group holding different preferences in relation to this central policy field. Despite the fact that the employer-centered literature sprang from the theoretical and empirical ambition of explaining inter-group variation, we

have failed in our analyses to control both for sector and other variables such as the power of labour level of internationalization etc.

This thesis seeks to rectify this knowledge gap in relation to a critical case, Denmark, by three conjoined analyses; first, the thesis will describe the historical development of the job-placement scheme from a gate way to citizen wage in the 1980s to becoming the main Danish ALMP in the 2000s. Secondly, we will explore what characterizes employers that are involved in the implementation of job-placement schemes. We will look at how they distribute on a number a number of variables, such as; geography, sector, usage of different forms of flexibility and their relations and attitudes to the public employment system. Thirdly, we we will seek to explain why some employers get involved in implementing the job-placement schemes and why some choose not to. These different attitudes will be explained by testing a number of independent variables related to three groups of theories; VoC, Conflict-related theories and Economic theories. The policy and dependent variable for this analysis has been characterized as *Employment Assistance* with strong inclusionary aims of removing obstacles to labor market participation (Bonoli, 2010: 440–441). Furthermore, more than formal upskilling the aim of the job-placement scheme is to allow beneficiaries to put their human capital to good use. Before the research question and design is presented, the choice of this particular variable will be discussed shortly.

1.3 Employment Assistance as ALMP

The original ALMP instruments which sprang from the labour market reforms of the 1990s, which arguably turned the Danish labour market policy active (Larsen, 2005; Bredgaard, 2013), were a mixed bag of various schemes designed to formally upskill the unemployed. These programs entailed job rotation schemes as well as leave schemes which incorporating up to one year sabbaticals, child care and training / education while on unemployment benefits (80% compensation rate for sabbaticals) which were offered to employed as well as unemployed (Larsen, 2005: 124). The immediate effect of this was a 40% increase in the activity in the Continuing Vocational Training system (AMU) from 1994 to 1998, where unemployed being retrained accounted for the lions share (Trepartsudvalget, 2006: 270). This Human Capital approach proved extremely effective by all accounts: first, Danish job vacancy rates declined at the same rate as unemployment did suggesting that the demand for skills was being met (OECD, 2001: 13-14). Secondly, this effective matching process allowed Denmark to experience high growth rates and increasing employment without rising inflation rates (Madsen, 2006: 329). Lastly, the increase of employment was greatest in the private sector and it happened without an increase in income inequality or at the expense of worsened public budgets (Ibid.: 326). The Danish economy thus managed to overcome the trilemma of the service economy (Iversen & Wren, 1998) by combining

healthy public budgets, high employment and high levels of income equality. Accordingly, OECD acknowledged ALMP as an important ingredient in the Danish 'job miracle' (2004).

As such it could seem appropriate to use the involvement of firms in schemes such as job rotation schemes and educational leave schemes as the dependent variables. The problems pertaining to this are twofold: first, educational leave schemes were phased out in 2000. Secondly, job rotation as a public policy designed to reintegrate the unemployed into the labour force has been overtaken in importance by job-placement schemes. As such the number of firms with unemployed social assistance claimants in job-placement has increased by 78% from 2009 to 2013 whereby 8.4% of all firms are involved in such schemes. The corresponding figure for unemployment benefit claimants is 57% within the same time frame. This indicates that the aim and overall spending in Danish ALMP has remained constant but the instruments have changed from what has been characterized as *Upskilling to Employment Assistance* (Bonoli, 2010: 440–441; Klindt & Halkjær, 2012). However, this turn will be dealt with at length in section 4.1 below.

1.4 Research question and structure of analysis

This thesis will seek to fill the knowledge gap left by the current literature on employer preferences and ALMP by answering the following research question:

What characterizes firms that actively engage in implementing the job-placement scheme? Which determinants can explain why these employers participate in implementing the job-placement scheme?

In order to answer the research questions the thesis proceeds as follows: in chapter two the ontological foundation of the thesis will be laid out. Next based on a literature review on the theories pertaining to the determinants of business behavior in relation to public policy three groups of theories will be discussed and a number of hypotheses and accompanying possible explanatory variables will be deduced. In chapter three the research design and methods will be presented. In chapter four the analysis will be conducted. This section will be subdivided into two subsections; first, the thesis will give an account of how the job-placement scheme has evolved from 1978 to 2013. Secondly we will seek to establish what characterizes firms involved in the implementation of job-placement schemes. Thirdly, we will seek to explain why some firms get involved and others do not by testing the three groups of theories and their explanatory power using binary logistic regressions. In the fifth and final chapter the findings will be discussed and the key determinants of the protagonistic preferences for ALMP held by employers.

Chapter 2: Theory

In the following chapter we will do two things; first, the ontological perception of actors and preference formation will be established. Next this position will be used to deselect and select relevant theories. Based on these theories we will deduce a number of micro-level hypotheses pertaining to the determinants of firm preferences for public policies in general and ALMP in particular.

2.0 ALMP as a Janus faced public policy for firms

The reintegration of unemployed through encompassing ALMP that seek to develop skills, personal competences and professional network can be construed as a Janus faced program to employers. For some employers it will be seen as an expensive policy that retains unemployed in programs and prolongs their unemployment spells. The diagnosis is one of incentive problems and the prescription is lower benefits which will lift the unemployed off benefits and allow the labour market to clear quicker through market coordination. For other employers ALMP might be seen as a social investment strategy that enlarges the available skill pool, increases the functional and geographical mobility and flexibility of workers, shortening the unemployment spells and increasing the total productivity of the Danish economy. The diagnosis is one of a skills gap and the prescription is one of increased human capital and a social coordination of the labour market in order to avoid bottle necks. Some employers may thus endorse and support higher levels of coordination of the labour market, while other managers may prefer deregulated market coordination of the matching process between the supply and the demand of labour. What this thesis has set out to do is first to establish the objective characteristics of firms which are more inclined to take a positive stance towards this new policy. Secondly, keeping to an explicit theoretical aim, the thesis seeks to evaluate which independent variables carry the largest correlational sway when we seek to explain these either positive or negative actions by employers. As such we seek to determine what explains whether key social and political actors, such as employers are, fall in one category or the other.

However, before we approach these research questions we must put forward our theoretically deduced hypotheses about which factors cause preferences to vary. This theoretical aim calls initially for an answer to the deceptively simple question; what determines the preferences held by employers?

2.1: Philosophical underpinnings

2.1.1 *Laying the ontological foundation*

This question of preference formation is one that arguably have riddled both ontological and epistemological discussions within social science, precisely because the answer to this question determines the usage of theory within the science of man. Accordingly, in relation to this thesis we need to establish an ontological position² in relation to how we understand *the formation of the preferences of actors*. In danger of simplifying the debate grossly, the debate about how preferences of actors are formed has mediated between *positivism* and *relativism*. Should we base our theories on the former and aim for objectivism by modeling our scientific methods and goals on the successes of the natural sciences as August Comte and Durkheim proposed (See Giddens, 1976: 12–15)? Or, is this a futile attempt to encapsulate a world that is constantly in flux while trying to rid ourselves from the discourses and power relations we so inherently are subject to, as Michel Foucault asserted in his later works after having shed the theoretical aims of structuralism (See Foucault, 1991: 27)? If we accept the first critical rationalist position the aim correspondingly becomes one of developing causal *explanations* of ‘outer’ events and objects, whereas the latter dialectical position has the aim of *understanding* the ‘inner’ meaningful conduct of the subject (Giddens, 1979: 81; Wright, 2006 [1993]: 133 – 136).

Choosing one direction over the other has three immediate implications for this thesis, two of which we will deal with in this chapter: first, if we choose positivism or the less absolute version, Realism, as the guiding ontology of man, we construct the study within what Droysen referred to as *Erklären*, which ultimately deals with *explaining* observed social phenomena. It is a variable oriented approach and our social inquiry will correspondingly become a positivistic search for ‘general laws’ of social phenomena. If we choose the relativist path of social inquiry we construct our research within what Droysen referred to as *Verstehen* and the aim becomes one of *understanding* the observed social phenomena. Concomitantly, this approach to social science will lead us in an interpretivist or constructivist direction. Secondly, whether we choose one or the other, it will have bearing on the theories we can choose in that these must either be suitable to explain a phenomena or suitable to understand the subject matter. Thirdly, this initial ontological choice largely determines our epistemological position and hence the methods we can adopt to increase the confidence that the inferences we make about the social phenomena we observe or interpret are both internally and externally valid (Cuba & Lincoln,

² Ontology in this thesis refers to the fundamental assumptions scholars make about the nature of the social and political world (Hall, 2003: 374) which in this thesis pertains to the nature of preference formation.

2006[1989]: 222–228). This last third point will be dealt with at length in chapter three, where the chosen research design and methods will be discussed. It is important however to note, that this chapter and the following one dealing with research design and methods are considered logically linked, in that the value of a method will depend on its congruence with the structures of the world it seeks to comprehend (Hall, 2003: 399).

2.1.2 The ontology of preferences within methodological individualism

The initial ontological position of this thesis regarding how the object of study, actors, is conceived is that of *Realism*. The understanding here is that there exists a reality independent of the observer and this reality operates according to a multiplicity yet consistent and empirically observable laws, many of which take cause-effect form (Cuba & Lincoln, 2006[1989]: 222). As such, if we wish to explain the behavior of actors we need to show, through usage of appropriate methods, which laws influence the observed behavior. However, the ontology above lets us know how the social reality works but less about what determines the preferences of actors. To give us a clearer sense hereof, the preference of actors is within this thesis understood within methodological individualism. The preferences of actors within this ontological position are the expressions of *more- or less* rational actors and empirically observable social phenomena are seen to spring from the acts and preferences of individualized actors (Udehn, 2002: 497–498). In its purest most rational form, this ontological understanding allows the social researcher to explain macro-level phenomena with reference to individual level rational behavior alone (See Arrow, 1994 for a discussion) using for example game-theory as the causal generator of social interaction. This lead Hayek to argue that for the market system to work, men '*are induced to contribute [...] to the needs of others without caring or even knowing about them*' (1993: 109). As such actors are, in the most rational form of methodological individualism, inherently asocial, atomized and hold perfectly individualized preferences.

However, if we follow the work of Lars Udehn this one dimensional conception of the ontology is too simplistic in that the definitions and usages of the ontology reveals significant differences between what he terms *weak* and *strong* methodological individualism. The main dispute within literature on methodological individualism surrounds how we understand the formation of the preferences of actors and what role institutions play in this process. Clarifying and characterizing this debate he categorizes four ideal typical conceptions of methodological individualisms into two groupings being either strong or weak. In the strong grouping he places classical- and neo-classical economic conceptions of the

ontology. What characterizes this grouping is that social institutions always appear in the explanandum and therefore never as antecedent to preference formation. In the weak grouping he places what he terms institutional- and structural individualism. What commonly characterizes these conceptions is that social institutions can to varying degrees appear in the explanan and therefore be antecedent to preference formation (Udehn, 2002: 497–501). In constructing these categories Udehn does two things simultaneously; first, he forcibly shows that the dichotomous split between methodological individualism and relativism hides significant within- group variation. Secondly, he does not overcome the structure-agent problem within social sciences (See Giddens, 1976 for a full discussion hereof). Accordingly, despite the fact that methodological individualism allows institutions to appear in the explanan of preference formation, he still holds that they cannot be the sole explanatory factor and that rational choice is still the main constituent of preference formation.

2.1.3 Towards a bounded and eclectic methodological individualism

Instead of trying to sort out this discussion and choose one ontological position with its accompanying theories about the nature and causes of social phenomena of either neo-classical- or more structuralist types, this thesis follows the understanding of preference formation proposed by Herbert Simon and his conception of *bounded rationality*. According to him actors, when given ample information and time to make decisions, are rational. However, in research on firm behavior Simon and others showed that firms most often in analyzing future courses of action lack perfect knowledge, lack information of exogenous events and lack the ability to calculate consequences of actions. This leads firms to *satisfice* in decision making, whereby time constraints, experience, lack of information are all variables that influence the means-end analyses and ultimately the final decision (Simon, 1956; 1979; Cyert & March, 1963). Accepting that utility maximization alone is not necessarily the only way of explaining preference formation, but other variables should be factored in as well, leads this thesis to heed the scientific goal put forward by Eckstein. Eckstein recast the scientific goal of building a coherent and continuously cumulative overarching theory within the social sciences. As such, despite accepting the variable oriented research strategy pioneered by Comte and elaborated by Durkheim (See Giddens, 1979: ch. 1), Eckstein aim for Mertonian middle range theory building (Merton, 1949).³ Following Merton, Eckstein see theories as languages suited to explain observed phenomena and in doing so *'there is no*

³ Merton defined middle range theories as *'logically interconnected sets of propositions from which empirical uniformities can be derived'* meaning that *'they are close enough to observed data to be incorporated in propositions that permit empirical testing'* (Merton, 1949: 448)

epistemological reason ever to restrict oneself to a single language, and one should avoid doing so if it impedes good results' (Eckstein, 1998: 515). With this scientific approach Eckstein supports variable oriented research aimed at testing the explanatory power of varying theories through hypothesis testing. Working from the ontological position of bounded rationality whereby a number of factors can bear influence on the decision making process, this theoretical eclecticism fits well.

Summing up, firms are considered rational actors that seek to maximize their utilities in decision making. However, very often means-end calculations are inhibited by insufficiencies leading to suboptimal goal pursuit and satisficing. This is especially the case, when firms need to form preferences in relation to issues not directly related to profit maximization (Simon, 1979: 500), which arguably ALMP is not.

2.2 Theorizing the interests of employers

2.2.1 Initial theoretical choices

After having established the ontological understanding of actors and their preference formation we can proceed to elaborate on employers as stylized ideal-typical actors and the positions they can be expected to take in relation to ALMP. First we will discuss the three groups of theories chosen. Focus will be on presenting what social institutions represent to employers and accordingly how the theories conceptualize employers in relation to a social institution such as ALMP. The theoretical groups will be contrasted and determinants from each group drawn out. In the third and last section of this chapter these determinants and the theories highlighting their role will be discussed and hypotheses about how they can influence the preferences of firms to vary in relation to ALMP will be deduced.

When reviewing theories adept at explaining the preferences of employer associations, we can classify four different categories of theories; an economic category, a conflict-perspective, the VoC framework and the social-constructionist position. Before discussing the first three, from which the hypotheses will be deduced the fourth perspective will be shortly discussed and dismissed based on the initial ontological choices outlined above. The social-constructionist perspective has also been referred to as the sociological, cultural or network- approach depending on which part of the literature one turns to (Granovetter, 1985; DiMaggio & Powell, 1991; Hillman & Hitt, 1999; Maurice, 2000). In an influential paper Granovetter proposed the hypothesis that the economic actions of firms are structured by the norms and values not produced by overarching social structures or individual rational choice, but by immediate social networks of actors (Granovetter, 1985: 506–507). Accepting the existence of

overarching social structures along with networks Maurice propose that firms cannot extricate themselves from the influence of social structures and networks but in their actions they are not only structured by these, but also reconstruct them (Maurice, 2000: 2). Despite leaving open the possibility of individual action through a 'structuration logic'⁴, the tenet in the literature above is that the preference formation of actors is essentially driven by a logic of appropriateness (DiMaggio & Powell, 1991: 63–66) whereby understanding contextual factors becomes the analytical priority. Correspondingly, these theories most often reject a variable oriented research strategy and instead employ ontologies and epistemologies associated with the post-modern and constructionist approaches to social science (Noorderhaven, 2000). Placing context in this way as a necessary precondition for understanding or even explaining the preferences of social actors fundamentally conflicts with the ontological position outlined above. Despite the fact, that social institutions can appear as explanatory variables when conceiving of actors as boundedly rational, they cannot be the sole explanation. Actors are fundamentally rational but are influenced in the means-end calculations by a finite number of observable institutional or economic factors. As such we must recast the social-constructionist theories as explanatory as these fundamentally do not fit with our ontological assumptions of the world we perceive. This effectively limits this thesis from pursuing the research agenda pushed by some scholars in explaining the preferences of employers with reference to corporatist networks (Martin, 2005; Martin & Swank, 2012).

2.2.2 Varieties of employer-centered theories and social institutions

The three groups of theories this thesis will elaborate on and deduce a number of hypotheses in relation to are the conflict-based theories, the VoC framework and economic theories. In the first category we can place the Power Resources theories (Korpi & Shalev, 1979; Korpi, 1983; Esping-Andersen, 1985, 1990; Huber & Stephens, 2001) as well as explanatory frameworks known under the common denominator, Historical Institutionalism (Thelen & Steinmo, 1992; Schmitter & Streeck, 1999; Streeck & Thelen, 2005; Streeck, 2009; Mahoney & Thelen, 2010). In the second category of theories we can place literature which in one way or another draws on the Varieties of Capitalism framework (Swenson, 1991, 1997; Hall & Soskice, 2001; Estevez-Abe et al., 2001; Mares, 2003; Martin & Swank, 2004; 2012). Lastly, we have what are outside political science considered to be the strongest predictors of the preferences of firms, economic theories. In this category we can place theories that in one way or another identify economic characteristics of firms or capital as the main explanatory variables (Lindblom, 1982; Bates &

⁴ This refers to the fact that this way of opening for individualized action is similar to how Giddens sought to circumvent the structure-agency problem in his theory of structuration (See Giddens, 1976: 120–126).

Lien, 1985; McKenzie & Lee, 1991; Cerny, 1996; Strange, 1996; Wilensky, 2002). Initially what essentially set these theories apart and determines what causes the preferences of employers to vary is how they conceive of social institutions (i.e. social security, vocational training, collective bargaining, ALMP etc.). As is written in the title the conflict-based theories essentially consider institutions relating to both the welfare state and the economy as systems which in their functioning distribute power resources among the actors who interact with them (Streeck & Thelen, 2005). Despite the fact that a variety of other roles are subsequently attached to institutions distribution of power remains at the core of these theories, which consequently means that power becomes the key explanatory variable within these theories. Carrying with it a substantial Marxist ideational baggage, preferences of actors within this approach are often determined by their position within the economy and institutional change is most often driven and directed by the conflicts between competing actors associated with either capital or labour (Korpi, 2006: 168). As such the story often goes that the market system and its bearer (employers) invariably needs to commodify the means of production and transform society into a market society and this will happen unless political forces (organized interests) can protect society (Streeck, 2009:248–250). Concomitantly the main independent variable of this theoretical position is framed as power, in one way or another.

Scholars within the conflict perspective analyze capitalism as a market system with an inherent need for ever more flexible factors of production. Conversely, the VoC perspective does not share this dismal interpretation of a politics against markets. Instead these scholars conceive of social institutions as means of solving ‘collective action problems’ and market failures in general. In this way social institutions are seen as complements to markets in that they keep these from undermining themselves. As such, social institutions aid the functioning of markets by overcoming market failures in first and foremost skill formation and the allocation of labour (Estevez-Abe, et al., 2001: 145; Swenson, 2002: 273–281). The employers being the bearers and benefactors of the market system will then naturally have an interest in supporting these institutions. The dismal antagonism between social institutions and economic efficiency is therefore cast away and in its place these scholars call for a conception of *politics of markets* (Iversen, 2005: 8). As opposed to the theoretical position outlined above, the main independent variable of this position is the skill profiles of firms.

In their theorization of the development of modern capitalism and how actors and institutions interact with this development, both of the theoretical groupings outlined above are inspired by economic theories. In explaining the interests of employers, the conflict-based theories point, in line with standard economic theories, to profitability as a sine qua non for employers (Korpi, 2006: 172). However, they

assert that the power resources of workers at the macro and micro levels, can change the positions taken by employers and make these accept social institutions and indeed make these work to their benefit (e.g. rigid levels of EPL can allow employers to invest more heavily in firm specific skills supporting a particular production strategy) (Streeck, 2004). The VoC perspective clearly also see profitability as the main interest of firms, but they acknowledge that the path to this goal taken by firms is most often a function of what they produce and how. This realization leads these scholars to assert that the skill profiles of firms can lead these to support social institutions.

The economic theories underlying for example public choice and many pluralist theories assume that actors are motivated by observable economic interests (See Martin 2002 for a discussion). As such these scholars recast the assumptions that determinants lying outside the economic characteristics of firms can have an influence on the preferences of firms. And indeed if they do have an element of influence, the strongest determinant of the preferences held by firms is still hypothesized to be economic characteristics. This is because social institutions of all sorts are essentially considered, from the position of capital, as irrational constraints on the pursuit of economic efficiency in particular and the operation of free markets in general (See Hayek, 1993). Firms are then expected to remain perennial antagonists towards social institutions. However, the level of antagonism they can be expected to display becomes a function of the economic situation of the firm. As such when we wish to explain the preferences held by firms in relation to social institutions factors such as profits, exposure to international markets or ownership structure becomes the main independent variables (Ferguson, 1984; Strange, 1996; Swank, 2010).

2.2.3 Varieties of Capitalism and ALMP

The Varieties of Capitalism framework argues that social institutions are particularly relevant for employers in coordinated market economies where firms utilizing a high quality production strategy require skilled workers with industry and firm specific skills (Hall & Soskice, 2001: 17). A central line of argument in this literature is that social institutions incentivize how both labour and capital invest in different sets of skills (i.e. firm specific, industry specific or general). Therefore, if a particular social institution supports investments in the skill types required in the production strategies utilized by employers, these employers will have an incentive to support these institutions (Estevez-Abe et al., 2001: 181). As touched upon earlier Denmark is here put forward as an archetypical case where employers run a high quality niche market strategy requiring a highly trained workforce with industry-specific craft skills produced in a dual vocational training system (Ibid.: 145–155). Following this

production strategy there exists a need to create incentives for Danish workers to invest in both industry- and firm specific skills. Seeing as the size of Danish firms rule out employment security through EPL as a possibility investment in specific skills has been guaranteed through generous wage-related unemployment benefits and wage protection through centralized wage bargaining (Iversen, 2005: 18–25). These institutions meant that skilled workers could protect their wage levels despite being employed in sectors exposed to fluctuations in the international economy. Despite the fact that ALMP as a social institution is not incorporated in most of the VoC literature, it is argued here, based on a reading of the literature that it can and indeed should be incorporated.

A main premise of the VoC literature is that social institutions are construed as insurance devices insuring the human capital investments of firms and workers against social risks and poaching (Iversen & Soskice, 2001: 875). In the original VoC framework ALMP is not mentioned, instead focus is on different means of employment protection (i.e. EPL, Wage bargaining, unemployment benefits). However, when we review the literature pertaining to flexicurity (Wilthagen & Tros, 2004; Madsen, 2011) or that dealing with the related concept of Transitional Labour Markets (TLM) (Schmid, 1995) we can see that ALMP is conceptualized as ‘Employment Security’. Accordingly, Madsen defines ALMP as *‘the security associated with staying in employment as opposed to staying employed in the same job’* and he goes on to highlighting the role of ALMP and lifelong learning in this form of employment security (2011: 34–35). In discussing such arrangements designed to ease the transitions from unemployment back into employment Schmid argues that the more workers can put their trust in such arrangements, the more willingly they will accept low levels of EPL (1995: 447). Accordingly, Schmid contends that without this level of confidence in ALMP workers will seek security ‘in the present or the past’ (i.e. EPL). Furthermore, if we revisit one of the constituting chapters of the VoC framework one of the main elements inducing the investment in firm- or industry specific skills is the protection of skilled wages. According to Estevez-Abe, Iversen and Soskice this is guaranteed through the traditional means such as unemployment benefits, wage bargaining and EPL. However, in relation to unemployment spells they also highlight the protection of skilled wages when workers are able to turn down job offers outside their previous industry or occupation (2001: 152). If the ‘work first’ elements of ALMP are so strict that workers must accept almost any job offer made available the incentives to invest in industry- or firm specific skills are thoroughly undermined. Conceived as a means of employment security, ALMP can in line with the VoC framework function as a social insurance against unemployment thus reducing the uncertainty associated with investing in asset specific skills. Two elements related to ALMP thus induces

workers to invest in industry- or firm specific skills; human capital investment reducing the unemployment spells and loose conditionalities allowing skilled labour to turn down jobs outside their previous industry or occupation. Summing up, within the VoC framework the level of protagonism displayed by employers for ALMP becomes a function of the skill composition of the work force within the firm or in aggregate terms within a particular industry of the economy.

2.2.4 Conflict-theories and ALMP

The VoC framework conceptualizes institutions within a rationalist institutional understanding. Following North (1991) institutions are thought to exist due to the utilities they provide the actors who interact with these institutions (1991: 109). This conceptualization is fundamentally recast by the conflict theories. Albeit accepting that social institutions can have positive returns to firms and their production practices (Streeck, 1991; Korpi, 2006) conflict theorists first and foremost see institutions as having one primary implication; they are above all else distributive instruments which in their functioning have power implications for the actors constituting a political economy or a welfare state (Mahoney & Thelen, 2010: 7–8). Conceptualizing institutions in this way makes these fraught with tension and more prone to change than stability because they invariably raise resource considerations for the actors who act within the institutional structures or the political actors who construct and reconstruct these institutions (Streeck, 2009: 243). In these institutional change processes employers are not characterized as the benevolent rational maximizers of institutional comparative advantage. Above all other considerations the main aim of employers within this conflict-theoretical position is, following standard economic thinking, the maximization of profits (Korpi, 2006: 199; Streeck, 2009: 248). Arguably this aim is not far off what the VoC perspective expects employers to strive for. However, in contrast the conflict theories expect employers to continuously working to dismantle social institutions in aiming for economic efficiency. As such, employers consider social institutions of all kinds as irrational constraints on economic efficiency and will prefer always to procure their supply of labour through individual contracts (Schmitter & Streeck, 1999: 38) requiring as flexible a labour market as possible (Streeck & Thelen, 2005: 4). In this line of reasoning ALMP cannot be considered a complement to the production process by supplying incentives to invest in asset-specific skills and reallocating labour. Instead it is considered to hamper the market coordination of the supply of labour in two main ways; first because a social coordination of the matching process between the supply and demand of labour will, by employers, be considered less effective than the equivalent market coordination. Secondly, viewing unemployment as a result of a skills gap and alleviating this with the addition of new formally

recognized skills, as it was (and to some extent remains to be) the case in Denmark, is also within this theoretical position a problem to employers. Albeit, social investment in skills for the employed and unemployed can increase the overall productivity of the economy as a whole while also assisting the ability of the labour market to 'clear', these skills also have distributional consequences. Conflict theorists expects employers to oppose the state investing in formally recognized skills for employed and unemployed alike, because the breadth and portability of skills helps to insure labor mobility by increasing the value of labor in the external labour market. This increases the power resources of both the individual workers and the trade unions vis-à-vis the employers and their associations (Streeck, 1994).

The main explanatory variables put forward by the VoC framework when trying to account for the determinants explaining the preferences and actions of employers and their associations are most often skill-based and related to the organizational preconditions of the firms. As examples hereof Estevez-Abe (2001) and her colleagues refer to skill utilization in production processes and Mares account the organizational size of firms high explanatory value (2001). In line with the conceptualization of institutions as distributive instruments the conflict-theories on the other hand use power as their main explanatory variable. Specifically in relation to how this variable can explain the actions or inactions of employer associations Schmitter and Streeck refers to what they term the 'Logic of Influence' (1999: 38–44). Following the premise that employers if left with the choice will not support social institutions in any way, Schmitter and Streeck contends that the presence of unions can influence the actions of employers. As such Protagonism displayed by employers in relation to social institutions is a function of unionization rates, the unification of labor and the centrality of their organization (Ibid.; See also Korpi, 2006).

2.2.5 Economic theories and ALMP

In contrast to the two theoretical positions above social institutions of all varieties are within this category of theories a priori taken as disturbances to the spontaneous order of markets (Hayek, 1993). These theorists analyze the labour market within the same frame as markets for other commodities whereby the supply and demand of labour will determine the price (here the wage rate) and the quantity (here the people employed). Most important in the context of this thesis the supply of labour is within this most rational of ontologies a function of individuals' choice between income and leisure. In this way nearly all kinds of social institutions will in principle inflict on this function by driving up the

reservation wage of labour. This increase in the reservation wage in turn has the effect that the marginal physical product obtained by a firm associated with an increase of one unit of labour decreases (Borjas, 2009). Social institutions by definition then hinder the ability of the market to clear and increase unemployment and decrease the efficiency of the market. As such, the normative premise within this neoclassical labour economic position and subsequent political project is that all hindrances in the form of social institutions such as centralized wage bargaining and the welfare state and its programs such as ALMP, necessarily must be dismantled (See Boyer & Smith, 2001).⁵

Within the theorizations above employers were either conceived as possible protagonists of social institutions in the service of overcoming a variety of collective action problems or as consenters depending on either firm specific characteristics or the power resources of labour. Following the micro economics of the economic theories employers are considered perennial utility maximizing profit-seekers and therefore antagonists in relation to ALMP. However, as noted earlier ALMP posits somewhat of a special case in that it can both be seen to aid the functioning of the labour market or obstruct the market coordination of this process. This lies in the fact that the policies that fall under the common denominator ALMP draw from a mixed bag of different ideologies. Very often these policies will address unemployment as a phenomenon caused by skill gaps or the lack of professional- or personal network while combining these with neo-liberally inspired efforts to tighten conditionalities and increase willingness of unemployed to accept any job offers available (Gilbert, 1992; Torfing, 1999; Clasen & Clegg, 2007; Bredgaard, 2011). Construed within the economic theories ALMP that in one way or another contains Human Capital elements retaining labour from the market, is by definition a disturbance. However, seeing as the preferences held by employers in relation to ALMP cannot come from any other sources than what guides their *raison d'être*, economic characteristics, we can expect that variance in these independent variables will cause a variance in support for this policy (See Martin, 2002; Martin & Swank, 2012: 150-153 for discussion hereof).

⁵ For a clear cut example of how the microeconomics of neoclassical labour economics has a latent but powerful political project inherent in its premises, see the recommendations of the European Commission for future labour market reforms (2012b: 103-104). These include; decentralize wage bargaining and limit collective agreement coverage, decrease generosity of benefits, deregulate EPL and increase conditionalities aiming explicitly for '*in an overall **reduction** in the wage-setting power of trade unions*' (ibid.: 104 [emphasis in original]).

2.3 Hypothesizing the preferences of firms for ALMP⁶

In the two sections above we have established our ontological position, chosen relevant theories based on this position, discussed and operationalized how these conceptualize social institutions in general and ALMP in particular. Based on these initial choices and discussions we can in the following proceed to select the explanatory variables relevant to each theoretical position and further operationalize these in hypotheses about how they can be expected to influence the involvement of firms in the implementation of a key ALMP, job-placement schemes.

2.3.1 *Varieties of Capitalism and employers hypothesized preferences for ALMP*

The VoC framework as it was presented and operationalized above puts critical emphasis on firm characteristics such as especially the skill composition of the work force used. Based on this understanding and the operationalization above we can in line with the theoretical framework point out three key explanatory variables which can be expected to influence the involvement of firms in the implementation of job-placement schemes; skill composition of the work force, the organizational size of the firm and the industry and subsequently the sector of the firm.

The skill composition of the work force can be expected to have the following effect; in the operationalization of how the VoC framework conceptualizes ALMP, we recoded this policy scheme as a potential insurance mechanism. Framed in this way, effective ALMP with high levels of human capital investment and other facilitating measures can guarantee workers employment security during economic slumps, by redirecting and requalifying the workers to other jobs. By shortening the unemployment spells ALMP can protect skilled wages thereby reducing the uncertainty associated with investing in specific skills. Accordingly, ALMP as an insurance mechanism can incentivize workers to invest in certain skill types and employers will have an incentive to support this measure of employment security depending on the skill profile of their work force (Estevez-Abe et al, 20001: 152–153).

This thesis is hypothesized in relation to the multivariate analysis to come as follows; if the firm has a majority of either skilled blue-collar workers or skilled white-collar workers⁷ it will have an incentive to

⁶ This section is inspired by work done by Cathie Jo Martin and Duane Swank (Martin, 2005; Martin & Swank, 2012). Some of the independent variables chosen here are reproduced from their work but recoded to fit with the chosen dependent variable. As such this study controls some of their findings on new data material.

⁷ Corresponding to ISCED level three and four. In the survey these categories are operationalized as; Erhvervsuddannede inkl. Kort videregående uddannede and Professionsuddannede inkl. Mellemlang videregående uddannede.

be protagonists in relation to job-placement schemes. Conversely, if the firm has a majority of workers with general skills it will have an incentive to be more antagonistic in relation to job-placement schemes (See Streeck, 2012 for a discussion of skill types).⁸

The organizational size of the firm functions within the VoC framework as a powerful determinant for the preferences of firms for social institutions in general and arguably also for ALMP. In the founding work edited by Peter Hall and David Soskice in 2001, Isabela Mares contributed with an input focusing specifically on the role of organizational size as a key determinant. Her argument goes that a main concern of firms in relation to social institutions is the extent of risk redistribution between firms and the state. According to her different firms have different interest as to whether or not the financial weight of different risks should be carried by individual firms (e.g. through social contributions or in-firm job-placement schemes) or redistributed between the firms (e.g. through general taxation or public ALMP schemes). A key determinant for the preferences of firms in relation to this issue is organizational size; employers in large firms have higher capacities to carry the costs of social institutions. Furthermore, seeing as large firms often hold important strategic positions in the regional or even national economies they will want to exert control over decisions in relation to social programs such as conditionalities or ALMP. As such they can be willing to contribute to the social institutions in order to gain control. Small firms on the other hand do not have the organizational capacity to shoulder the costs of social institutions by for example participating in the implementation of job-placement schemes. Instead they will have an interest in a high involvement by the state in governing and carrying out ALMP schemes (See Mares, 1997: 308–310; 2001: 187–203).

The thesis is hypothesized in relation to the multivariate analysis to come as follows: the level of protagonism and willingness displayed by the firms in relation to implementing the job-placement schemes will be a function of their organizational size. Organizational size is operationalized as number of employees at the particular firm / plant.

The industry / sector in which the firm is situated is likewise within the VoC literature held out as a significant determinant for the preferences of firms. Whereas for example the manufacturing industry utilizes practical and specific skills, general social and management skills as well as more theoretical knowledge are more important in the service sector (Busemeyer & Trampusch, 2012: 28). Furthermore,

⁸ Corresponding to ISCED level one, two and five and six. In the survey these categories are operationalized as; ikke erhvervsuddannede and kandidatuddannede, lang videregående uddannede.

the service sector has a lower level of productivity increase than the manufacturing which makes a more inegalitarian wage structure necessary to avoid Baumols Cost disease (Iversen & Wren, 1998: 512). Lastly, seeing as the primary knowledge is theoretical in character firms benefit from a high mobility of labour diffusing knowledge across the sector which again makes the skills of workers highly valued in the external labour market (Hall & Soskice, 2001: 31). Therefore fluid labour markets are essential for firms in the service sector both as ways of incentivizing labour to invest in general and theoretical skills and as a means of diffusing knowledge throughout the sector.

The thesis is hypothesized in relation to the multivariate analysis to come as follows: the level of protagonism and willingness displayed by firms in relation to implementing the job-placement schemes will be a function of the sector within which they operate. Sector will be operationalized as public sector, the private service sector or industry. In the analysis the construction industry will be used as baseline and the private service sector will be expected to display a lower level of protagonism than the baseline.

2.3.2 Conflict-theories and employers hypothesized preferences for ALMP

The conflict-theories as they were presented and discussed above put critical emphasis on the role of labour and the power resources when seeking to account for both macro level outputs such as redistribution (Korpi & Shalev, 1979; Epsing-Andersen, 1990; Huber & Stephens, 2001) as well as micro level outputs such as the preferences for social institutions held by firms (Streeck & Schmitter, 1999). Based on this understanding we can point out one key explanatory variable which can be expected to influence the involvement of firms in the implementation of job-placement schemes; the level of collective bargaining coverage at the company.

The level of collective bargaining coverage at the macro level and in this case at the firm level can be expected to have the following effect; the power of labour and their ability to organize and subsequently centralize the wage bargaining at sectoral or national levels has had significant political economic consequences, which affect employers. In line with the reasoning behind the Swedish Rehn-Meidner model, high levels of collective agreement coverage produces wage compression which in turn destroys low-skilled jobs. This motivates employers to support the production of high and relevant skills and effective human capital intensive ALMP schemes to further the process of labour reallocation (Streeck, 1991; Wallerstein, 1999; Kitschelt et al., 1999). As such through feedback effects from this process employers can be made to act as consenters on the processes related to the establishment or

implementation of for example ALMP. Following Streeck and Schmitter (1999) this process occurs at the firm level. Left to their own choice, employers will always prefer to avoid any involvement in social institutions of any kind. However, the presence of unions at the firm level can through 'the logic of influence' force the employers to get involved in a social agenda, such as the implementation of job-placement schemes. By educating capitalists in this way, Streeck contends that they in the long run can come to see the benefits of carrying the burden of the negative externalities of their own actions (2004). In the end however this process continuously rests on the power of labour.

This thesis is operationalized in relation to the multivariate analysis to come as follows: the level of protagonism and willingness displayed of the firms in relation to implementing the job-placement schemes will be a function of the collective bargaining coverage rate at the firm. Collective bargaining coverage is measured in per cent of employees at the firm covered by a collective agreement.

2.3.3 Economic-theories and employers hypothesized preferences for ALMP

The economic theories as they were presented put critical emphasis on the role of economic characteristics as determinants for the preferences held by firms for ALMP. Based on the underlying 'efficiency thesis' whereby increased competition forces firms to increase their competitiveness by making the factors of production (labour, land and money) more flexible, we can point to three key explanatory variables which can be expected to influence the involvement of firms in the implementation of job-placement schemes; the economic situation of the firm, the primary market of the firm and ownership.

The economic situation of the firm can be expected to have the following effect on the dependent variable; some firms should be better able than others to carry the financial burdens of increased social costs. Following Wagners Law increased affluence in economies or firms increases the demand for social spending and indeed increases the potential willingness of firms or capital in general to afford the burden of social spending (Wilensky, 2002). Thus the financial room created by economic growth and the subsequent increased profits can be expected to have a positive effect.

This thesis is operationalized in relation to the multivariate analysis to come as follows: level of protagonism and willingness of firms in relation to implementing the job-placement schemes will a function of the economic situation of the firm. The economic situation is operationalized with the question; how has the economic situation of the firm developed in recent years and the response categories are ordinal scaled ranging from strongly worsened to strongly improved.

The primary markets of firms as well as the ownership of the firm can be expected to have the following effect on the dependent variable; in the wealth of nations Adam Smith warned strongly about social spending and what effect this 'dead weight' might have on the efficiency of an economy of small or large scale:

'The whole, or almost the whole public revenue, is in most countries employed in maintaining unproductive hands. Such people, as they themselves produce nothing, are maintained by other men's labour. Those unproductive hands [...] may consume so great a share of their whole revenue [...] that all the frugality and good conduct of individuals may not be able to compensate the waste and degradation of produce occasioned by this violent and forced encroachment.' (1937: 325 – 326).⁹

Accepted by modern day economists social spending is understood as increasing the marginal costs of firms by distorting the incentives for labour to supply their work to the price that their marginal utility allows them to demand. Being acutely aware of this fact political economists have argued that the globalization of markets related to the factors of production have allowed firms to shed themselves from these additional social costs which now put what is termed as Transnational Corporations (TNC) in the center of distributional politics. As such Susan Strange concludes that the change from production mostly designed and destined for one local or national market to production destined for a world market is the most profound change in modern time which in effect has shifted power from states to TNC's (1996: 44 – 46). Indeed the UN accounts this change so profound quality that it concludes that *'a part of economic decision making power over who gets what, when and how is shifting to TNC's'* (World Economic Investment Report, 1992: 302).¹⁰ With the rise of TNC's and international markets for the factors of production Strange asserts that firms have been able to shed themselves from their former social obligations partly by disembedding themselves from national collective agreements supplanting these with firm level bargains on wage and working conditions. On the other issue where firms have opted out of their former role is on tax issues where their new structural power originating from their mobility has allowed them to avoid nation-based taxation and thereby the social reproduction of labour (Strange, 1996: 59–65). Thus the degree of internationalization experienced by the firm can be expected to influence to what degree the said firm will be willing to partake in dealing with the negative externalities produced by their own activities, such as alleviating long term unemployment.

⁹ Cited from Lindert (1996: 3)

¹⁰ Cited from Strange (1996: 45-46).

This thesis is operationalized in relation to the multivariate analysis to come as follows: the level of protagonism and willingness to actively engage in implementing the job-placement schemes will be a function of the internationalization of the firm. The internationalization of the firm is operationalized along two independent variables. The firms are asked if the primary markets of the firm is either national or international. Secondly, the firms are asked if they are primarily national or international in their ownership structure.

Table 1: Hypothesized determinants of firms' participation in ALMP

<i>Varieties of Capitalism-related determinants</i>		
<i>Hypothesis 1</i>	Skill-level	Firms using specific skills are more likely to participate than firms using general skills
<i>Hypothesis 2</i>	Size	Large firms are more likely to participate than small firms
<i>Hypothesis 3</i>	Sector	Firms in the service sector are less likely to participate than firms in the industry
<i>Power-related determinants</i>		
<i>Hypothesis 4</i>	Level of Collective Agreement coverage	Firms covered by collective agreements are more likely to participate than firms with lower coverage
<i>Economic determinants</i>		
<i>Hypothesis 5</i>	Economic situation	Firms where the economic situation has improved within the last few years are more likely to participate than firms where the economic situation has worsened in the last few years
<i>Hypothesis 6</i>	Ownership	Firms with a primarily Danish ownership structure is more likely to participate than firms owned primarily by foreign actors
<i>Hypothesis 7</i>	Primary markets	Firms that sell their products or services primarily on the national market is more likely to participate than firms that primarily sell their products or services on the international market

Chapter 3: Data and methods

Ontology is ultimately crucial to the methods adopted because the appropriateness of methods rests on assumptions about the nature of the world (Hall, 2003: 374). Following from the realist ontological position outlined above to which it was added that only more or less rational actors exist the epistemological thesis follows that all knowledge about society derives from knowledge about actors (Udehn, 2003: 486). Seeing as these actors are considered more or less rational in their preference formation and the factors which can inform their decision making are finite and observable, we can consider our cases 'objects', being; comparable, substitutable, independent instances of the 'same thing' (Ragin, 2000: 46).¹¹ This objectification of our subject matter makes a *dualist objectivist epistemology* the most useful and indeed most appropriate basis of choosing our methods and data.

Adherents of this position finds that it is possible to maintain an objective exteriorized posture, or dualism, with respect to the object being studied and that it is possible due to this dualism to exclude the values held by the observer if the proper methods are applied (Cuba & Lincoln, 2006[1989]: 225). Seeing as we chose realism as the guiding ontology of social phenomena the aim of inquiry becomes establishing which laws explain the objects of our study by testing the relative strength of theories by way of evaluating the net effects of competing independent variables on a chosen dependent variable (See Keat, 1979: 83). Choosing this variable oriented ontological stance and an objectivist epistemological position limits the possible methods of the thesis substantially. The choices however are not without substantial controversy. Scholars within political science adhering to an objectivist epistemology have mostly argued for quantitative research methods preferably employing various types of standard regression models which allows us to predict Y scores when we have information about X scores (See Lijphart, 1971, 1975; King et al. 1994; de Vaus, 1996; Goldthorpe, 1997). As such a more or less coherent epistemological community with common standards for the methods used to infer from empirical observation seem in place. However, this consensus around the standard regression model within the variable oriented political science has been seriously problematized in recent years. Scholars have rightly pointed out a number of fundamental problems surrounding the usage of these highly aggregated methods, both when it comes to their conception of 'cases' and causality (Ragin, 2000, Hall, 2003). In relation to this 'metodenstreid' one can observe that the authors discussed overwhelmingly conduct research within comparative politics or international relations, and do so very often with a historical approach in the form of for example pooled-cross sectional time series regressions (See Swank

¹¹ This ontological stance that the decisions and therefore preferences of actors can be understood and analyzed independent of their context is a highly controversial premise (See Flyvbjerg, 1991 for criticism).

& Martin, 2001 for an example hereof). As such the methodological discussions regarding how to understand countries as cases, a discussion of small-N versus big-N and how to measure causation through historical analyses most efficiently are surely remitted. However, the focus of study in this thesis is substantially more disaggregated than countries or regions and how and why they evolve through time as they do. The object of study in this thesis is firms at one point in time. They can be considered competitive in nature and seeing as they have been randomly selected by a third party (Statistics Denmark) we can expect that the problem of multicollinearity, whereby independent variables are correlated, is kept to a minimum. Indeed running a Variance Inflation Factor analysis in SPSS between the independent variables showed very low VIF scores at a maximum of 2.3 which indicates no problems of multicollinearity (Aldridge & Levine, 200: 345). Furthermore, the data is survey data which was gathered through a phone- and email based study. The random sample was 5.000 firms of which 1499 firms responded. This gives us a response rate of approximately 30%. Compared to surveys conducted with individuals this can be considered a rather low level. However, low response rates are rather common when they target firms and most often researchers only get between 20 – 30% (Kalleberg et al. 1996). As such the 30% gathered here can be considered sufficient. These facts makes the usage of standard regression methods significantly more warranted compared to for example using the method as a way of measuring causality through time. The dependent variable chosen for this study is a question that seeks to survey the involvement of a firm in implementing job-placement schemes: 'Does the firm currently have one or several people employed in job-placement schemes?' The response category is dichotomous in the form of a 'yes' and 'no' category. Besides effectively surveying the involvement of firms this variable is also chosen because the distribution of cases is fairly even; 39% answered yes and 61% answered no. Seeing as the dependent variable is in this way binary or dichotomous, the statistical model used must be a logistic regression as opposed to a linear regression which is most fitting if the dependent variable is continuous (Hosmer & Lemeshow, 2013: 1.1). The method by which we will test our hypothesis regarding what determinants can explain the involvement of firms in the implementation of the job-placement scheme will based on the discussion above be the *binary logistical regression* model. As a way of testing the correlation we will do this through odds ratio and Nagelkerke. Nagelkerke shows the researcher the strength of the correlation in much the same way as R Square does (Nagelkerke, 1991). Odds ratio allows the researcher to evaluate the likeliness of a certain outcome among respondent X as compared to respondent Y (Hosmer & Lemeshow, 2013: 3.2).

Chapter 4: Analysis

In the preceding chapters we have essentially done three things; first, through a literature review spanning the theoretical literature dealing with the causes of variance in the development of modern welfare states and labour markets, we established a significant knowledge gap. Despite being necessary and essential actors in the policy process surrounding ALMP, we know very little as to which determinants can explain why some employers actively engage in the implementation of ALMPs and why others shy away from their social responsibility. Secondly, we established an ontological position regarding how we perceive and understand the preference formation of actors. Based on this position we chose three relevant theoretical groups that each have different expectations as to what determinants should be able to explain the variance in the preferences held by employers for public policy. Based on discussions of these theories we established seven different hypotheses about how the variance in theoretically relevant independent variables ought to influence the dependent variable; active involvement in the implementation of the job-placement scheme in Denmark. Lastly, in chapter three we drew on the ontological discussion and chose an objectivist epistemological approach as the relevant position from which the binary logistical regression model was chosen as the most appropriate method for testing the hypotheses. These initial theoretical and methodological choices will allow us to answer the two tiered research question proposed in chapter one, being:

‘What characterizes firms that actively engage in implementing the job-placement scheme? Which determinants can explain why these employers participate in implementing the job-placement scheme?’

Answering these research questions in the following chapter will necessitate three analytical steps; first, the evolution of the job-placement scheme will be described. This will set the key dependent variable, job-placement scheme, in to a longer context and give the reader a thorough understanding of the policy. Secondly, the analysis will through descriptive statistics present what characterizes firms that actively engage in implementing the job-placement scheme. Lastly, a binary logistical regression analysis will be conducted with the aim of testing which of the proposed determinants carries the strongest correlatory power in explaining the involvement of firms in the job-placement scheme. By conducting this analysis we will know more about which of the three theoretical frameworks we should use in the future, when we conduct both qualitative and quantitative analyses of employers and public policy.

4.1 Danish labour market policy and the evolution of job-placement schemes

As the international oil crisis and the ensuing global economic downturn hit Denmark in 1974 – 1975 resulting in mass unemployment and rising structural unemployment, a former Danish center-right government had just reformed the unemployment benefit system in 1970 guaranteeing the insured unemployed a compensation rate of 90% of former wage rates. This expansion of decommodification and social rights happened on a background of high growth rates and an unemployment level of roughly 20.000 full time persons. This premise of the expansion in social rights vaporized with the speed of rising international oil prices. The registered unemployment level had doubled to 40.000 by 1974, it reached 100.000 in 1975, by 1981 this figure had doubled once more to 200.000 full time persons and it peaked in 1993 with around 300.000 unemployed (Jørgensen, 2007: 147). This rapid and massive increase in unemployment from 1974 and onwards came to define the role and function of job-placement schemes.

4.1.1 The job-placement scheme in the 1980s

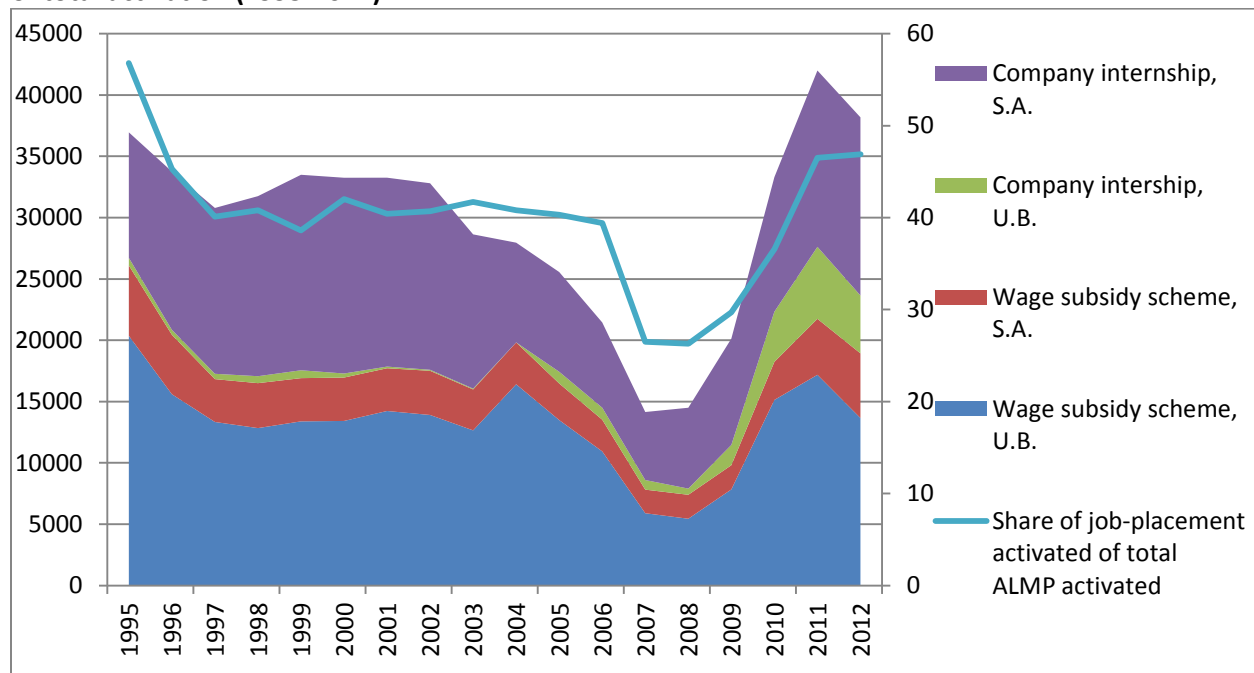
Believing initially that the crisis would be temporary the social democratic governments in power during most of the 1970s introduced a number of defensive mechanisms designed to limit the social consequences of the crisis and keep the human capital of the unemployed readily deployable. The two most important of these came in late 1978 and early 1979; the Job-placement scheme (Arbejdstilbudsordningen [ATB]) and the Early Retirement scheme (Efterløn). These schemes combined sought to achieve three aims; first the early retirement scheme was designed to allow companies to shed older workers thereby making room for young unemployed workers. The second and third aim was to limit the social consequences of the rising unemployment and to protect the human capital of the unemployed. The job-placement scheme was intended to achieve these last two aims. The situation was as such that due to the timespan of the crisis a large number of unemployed were in late 1978 about to fall out of the unemployment benefit system. Unemployed were now guaranteed nine months of work in either the public or private sector, the aim of which was to provide the unemployed with the six months of employment needed to requalify for another spell of unemployment benefits. Most often claimants would join this scheme towards the end of their unemployment benefit spell. In 1981 and 1982 the scheme was continuously pushed forward in time especially for young claimants in order to avoid long term unemployment. However, all through the 1980s the scheme still guaranteed the claimant another round of unemployment benefits. This possibility was somewhat curtailed in 1985 to one round of requalification. However despite curtailing the usage of the job-placement scheme it still remained primarily a gate way for the unemployed to requalify for benefits (Pedersen, 2007: 85–89).

4.1.2 The job-placement scheme in the 1990s

The job-placement scheme as it functioned in the 1980s was essentially a political instrument that insured the closest thing we have seen in Denmark to a citizen wage (Goul-Andersen, 2007: 13). With the social democratic government seizing office in early 1993 the function and purpose of this very central labour market policy changed with the first of a series of labour market reforms that activated the social policies in Denmark.

1983 and 1984 saw roughly 60.000 full time persons in job-placement schemes. With the curtailment this number had decreased to roughly 35.000 a year by the late 1980s. As figure one displayed below shows this number decreased significantly during the social democratic government in the 1990s. This mirrors not just declining unemployment, rising employment and positive growth rates but also the first labour market reform in 1993.

Figure 1: Number of full-time persons in job-placement schemes & job-placement schemes as a share of total activation (1995-2012)



Source: Statistics Denmark.

In June of 1993 the first of three major labour market reforms (1993, 1995, 1998) were enacted. The overall aim was to reduce unemployment, increase private employment, improve the public budgets, and all without increasing the inequality (Regeringsgrundlaget, 1993). A central policy instrument designed to simultaneously achieve these aims, conceived by some as theoretically impossible (Iversen

& Wren, 1998), was ALMP. And despite the warnings the active turn of Danish social policy proved immensely successful by both social and economic accounts (OECD, 2004; Madsen, 2006; Bredgaard, 2013). After having been characterized as a small state in big trouble in the beginning of the 1990s (Schwartz, 1994) the Danish rate of unemployment dropped by roughly 200.000 persons from 1993 to 2002. This reduction was mirrored by an increase in private employment by 141.000 persons and an increase of 68.000 in public employment. Simultaneously the level of inequality measured in Gini stayed constant at around 0.36 and the Danish Philips curve flat-lined (Madsen, 2006).

In the 1980s the job-placement schemes were designed to avoid social marginalization by decommodifying labour. With the 1993 reform it remained a means to avoid social marginalization but conceptually speaking it now recommodified labour. This exemplifies what the 1993 reform aimed at; a shift from passive labour market policy towards more emphasis on the activation of the unemployed. With the new reform the individual was given a right and duty to activation after a passive period of four years and a primary instrument of activation became the job-placement schemes. However, the essential difference now was that this did not requalify the individual to another round of unemployment benefits. A new job-placement scheme, the so-called 'individual jobtraining scheme'¹² aimed at the most marginalized who could not be expected to function under the current job-placement scheme. In the successive reforms in 1995 and 1998 the latest time of activation was pushed forward first to two years in 1995 and then after one year in 1998 (Rosdahl, 2003: 112–121). As figure one above shows this kept the number of unemployed activated in job-placement schemes at a numerically high level and as an overall important policy instrument within the ALMP regime. The main difference as opposed to the 1980s was that now it was a way of recommodifying the labour force by conditioning their benefits on them working (Torfing, 1999). However, despite this new element of work-fare introduced by the labour market reforms of the 1990s, the more correct term for the entire reform complex must be 'learn-fare'. As table two on the next page shows, the role of job-placement schemes remained secondary in relation to the main policy instrument utilized in the 1990s, formal upskilling. As the table shows, the number of participants in formal upskilling per year was around 45.000 participants in the period from 1995 to 2001. Compared the average number of participants in job-placement schemes was in the same period of time 32.691. As such in the 1990s the job-placement scheme played an important albeit secondary role in relation to formal upskilling and was mostly an activation instrument used to enhance the social and professional network of the unemployed.

¹² This scheme was later to be called the 'company-internship' scheme (virksomhedspraktik).

4.1.3 The Job-placement scheme in the 2000s

When the liberal-conservative coalition government entered office in late 2001 it inherited a well-run economy with falling unemployment rates, increasing employment levels, healthy growth rates and sound public finances (DØR, 2002: 12–13). Despite the fact that the Human Capital intensive variety of ALMP introduced in the 1990s appeared a success, the new center right government had a different aim with this policy area (Jørgensen, 2008). As a way of indicating the new understanding of this new policy area, the ministry of labour was renamed to the ministry of employment. The new goal of this policy area was quickest way back to the labour market (Regeringsgrundlaget, 2001; Beskæftigelsesministeriet, 2002a).

Table 2: Number of full-time participants in job-placement and upskilling programs (1995 – 2004)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Job-placement	37.448	34.132	31.073	32.031	33.796	33.519	33.661	33.214	29.123	28.919
Upskilling	49.557	54.603	47.698	50.114	53.040	45.467	48.473	39.973	32.336	29.113

Source: Own calculations based on data from Statistics Denmark

A key policy instrument to achieve this new goal was from the beginning job-placement schemes. This policy instrument was already singled out in the Government Platform in 2001 by the new government and seeing as the prevailing way of measuring the effectiveness of ALMPs became outflow from unemployment, job-placement schemes was only to increase in importance. The reason for this is that from the early 2000s and onwards several international organizations as well as national scholars continuously showed through increasingly sophisticated statistical impact analyses, that job-placement schemes especially in the private sector outperformed ordinary education schemes, when it came to reintegrating unemployed quickly back into the labour market (OECD, 2001: ch. 1; DØR, 2002; Beskæftigelsesministeriet, 2002b). In their analysis the Danish Economic Council concluded that most ALMP instruments had little or no effect when it came to getting unemployed back into the labour market. The only bright light was job-placement schemes within the private sector which had a significant effect in maximizing the outflow from unemployment (DØR, 2002: 263). Indeed economists confirmed these findings in similar impact analyses concluding that ordinary class room education indeed had significant negative effects because unemployed were retained during education and very few returned to the labour market immediately after (Rosholm & Skipper, 2003).

When the new center-right government launched their first major reform of the labour market, 'More People in Employment' in 2002 formal upskilling was deprioritized. Besides a number of increases in the conditionalities for receiving both social assistance and unemployment benefits, the 2002 reform capped the share of upskilling activation at 50%. Furthermore, the supply of activation instruments were also heavily reduced to only featuring; job-counseling and requalification, company internships, and wage-subsidy placements. The effect of this is visible in table two above where the amount of full time participants in formal upskilling drops by 19.360 from a level of 48.473 in 2001 to 29.113 in 2004. However, the reform validated the inclination of the new government towards the job-placement scheme in that they now consisted two of the three possible ALMP instruments available (Jørgensen, 2008: 10–11). Subsequent evaluations of More People in Employment showed however, that the aim of turning the ALMP more restrictive and increase sanctions of unemployed did not translate into actual policy. An implementation deficit was evident in the evaluations and one study suggested that this could be attributed to front-line workers in the Public Employment Services (PES) resisting the work-first policies, while other studies indicated that the strong corporatist influence was to blame (Bredgaard, 2011: 764–774).

The reaction from the dissatisfied center-right government came in two conjoined reforms in 2007 and 2009 that combined in their effects dismantled the state run PES and placed the implementation of the ALMPs and part of their financing in the hands of the municipalities. Besides sidelining the social partners from the ALMP process a range of financial incentives was introduced that in their effect encouraged the municipalities to employ the cheapest ALMPs with the highest rate of return in outflow from unemployment (Nørgaard, 2009; Larsen, 2009). As the financial crisis spilled over into the real economy in Denmark causing rising unemployment levels in 2009 and falling tax revenues for the municipalities, this created a fertile economic environment for the role of job-placement schemes. This is evident in figure one where we see that the share of unemployed in job-placement schemes as a percentage of the total population of activated claimants rises from 26.3% in 2008 to 46.5% in 2011. As such 2011 saw a whopping 41.995 full time persons in job-placement schemes which numerically had not been seen since the mid1980s. The consequence of the municipalization of the PES and the implementation of the ALMPs is therefore that the role of the job-placement schemes has changed from the 1990s. These schemes were in the 1990s in purpose and practice a secondary instrument to that of formal upskilling and they served as instruments through which the professional network of the unemployed could be upgraded or through which their human capital could be maintained. However, the policy changes carried through by the center-right government have had the

consequences that the Danish ALMPs are now centered around essentially three instruments; job guidance which consists of a variety of job counseling measures designed to keep the unemployed active but little else. It has no requalifying or upskilling elements and mostly has the function of motivating the unemployed to reenter the labour market at any cost, while the municipality complies with the activation requirements. The next element is formal upskilling which today mainly consists of the six weeks of upskilling that is the right of every unemployed.

Table 3: Number and share of full-time unemployed in different ALMP schemes (2007 – 2012)

		Number of full time participants & share of total ALMP					
		2007 & %	2008 & %	2009 & %	2010 & %	2011 & %	2012 & %
Job-placement schemes	Wage subsidy	8.041 14%	7.626 13.1%	10.074 14.2%	18.767 19.9%	22.171 23.6%	19.175 23.1%
	Company internship	6.693 11.7%	7.258 12.5%	10.643 15.1%	15.695 16.7%	21.190 22.6%	20.013 24.2%
Upskilling	Formal upskilling, incl. adult apprenticeship	11.616 20.3%	10.742 18.5%	9.022 12.8%	8.202 8.8%	11.665 12.4%	10.877 13.1%
Job guidance	Counseling, job search programs etc.	30.953 54%	32.466 55.9%	40.785 57.9%	51.451 54.6%	38.876 41.4%	32.810 39.6%
Activated	Total	57.303 (100)	58.093 (100)	70.524 (100)	94.116 (100)	93.902 (100)	82.875 (100)

Source: Jobindsats.dk

The third element is job-placement schemes and as we can see in table three above the job-placement schemes have now assumed the position as the main ALMP. As such when we see these three ALMP instruments in relation to total full time ALMP activated, job-placement schemes accounted for 47% of the activity in 2012, job guidance for almost 40% and formal upskilling a mere 13%. The job-placement scheme has therefore become the main ALMP in Denmark designed to do more than just motivate the unemployed to take any job as quick as possible. Characterized as both 'Employment Assistance' (Bonoli, 2010: 440–441) and a 'Network' oriented approach to ALMP (Bredgaard, 2011: 22) the aim is to increase the professional and social network of the unemployed while often providing modest improvements to the human capital of the unemployed or at the least maintaining their human capital. This empirical development shows a job-placement scheme which has changed in function from a gateway to citizen wage in the 1980s, to a supplement to formal upskilling in the 1990s, to a situation today where it is a

key ALMP instrument for reintegrating the unemployed back into the labour market. In table four below the current programmatic characteristics of this key ALMP are sketched out:

Table 4: The Job-placement schemes

	Job-placement schemes	
	wage subsidy:	company internships:
Purpose	<ul style="list-style-type: none"> To increase professional as well as personal skills To gain experience and professional network within a field of work 	<ul style="list-style-type: none"> To clarify employment- or educational preferences of the unemployed To increase social skills
Primary target group	<ul style="list-style-type: none"> Unemployment benefit claimants Social security claimants Unemployed on sickness benefits Disabled People on incapacity benefits 	<ul style="list-style-type: none"> Unemployment benefit claimants Social security claimants Unemployed on sickness benefits Marginalized young claimants
Functionality	<ul style="list-style-type: none"> Right and duty to be activated after: 3 months (<30), 9 months (30-60), 6 months (>60) Claimants are eligible for public sector wage subsidy from first day of unemployment and private sector wage subsidy six months of unemployment 	<ul style="list-style-type: none"> Right and duty to be activated after: 3 months (<30), 9 months (30-60), 6 months (>60) Claimants are eligible for public sector internship from first day of unemployment and private internship after six months of unemployment
Generosity	<ul style="list-style-type: none"> Wage level in the public sector is equal to previous benefit level Wage level in the private sector is equal to the wage level of the prevailing collective agreement (employer tops up from approx. net benefit level to agreed wage) Timespan: up to 1 year Participation does not requalify the claimant for benefits 	<ul style="list-style-type: none"> Wage level is equal to former benefit level Timespan: normally 4 weeks. With problems beyond unemployment the span can be increased up to 26 weeks and prolonged further if deemed necessary Participation does not requalify the claimant for benefits

Source: the Law on Active Social Policy

As it is presented above the job-placement scheme consists of two programs, the wage subsidy scheme and the company-internship scheme. The main difference between these two schemes is their function; the former is first and foremost a program which allows individuals to be reintegrated into the labour market. The latter has as a primary purpose to allow the unemployed to search out his or her preference in relation to a future job or education. The spells are rather short in the latter while quite extensive in the former and private employers are expected to top up the wages of unemployed for unemployed in wage subsidy programs. The focus of the coming quantitative analysis is therefore on the wage subsidy scheme, seeing as the costs and role for employers here is more important and extensive.

4.2 What characterizes firms actively engaging in job-placement schemes?

Drawing on both formal statistical data provided by the Danish PES and a survey of Danish firms conducted in 2013 we will now take a closer look at the firms employing claimants in job-placement schemes¹³ and how these firms distribute along a number of variables, such as; geography, benefit scheme, match category, sector, usage of forms of flexibility and relation to the PES system. After the previous subsection gave us a historical account of the development and transformation of the job-placement schemes, the purpose of this second section is to establish how the scheme functions today and how different firms engage with the implementation of the scheme.

4.2.1 The geography of job-placement schemes

A range of literature across labour market research and welfare state research has sought to disaggregate national economies or welfare states and instead focus on mapping out municipal- or regional differences in for example social spending and subsequently explaining these differences (Kröger, 1997; Crouch et al., 2004; Kristensen et al. 2011; Jensen & Lolle, 2013). These conclude that local governments have a large discretionary space to design especially social services and that local economic and social circumstances have a significant effect on these policies. With this in mind we will seek to see if any large local or regional differences exist in the implementation of job-placement schemes.

Table 5: Number and share of firms involved in the job-placement scheme, Region, 2011 - 2012

		2011		2012	
		Number	Share (%)	Number	Share (%)
Zealand	Private	6,232	8.7	5,532	8.1
	Public	4,528	6.3	4,396	6.4
Central Jutland	Private	3,289	8.4	2,680	7.2
	Public	2,525	6.5	2,241	6
Northern Denmark	Private	1,597	8.5	1,228	6.8
	Public	1,447	7.7	1,240	6.9
Southern Denmark	Private	3,094	8.5	2,636	7.6
	Public	2,467	6.8	2,226	6.4

Source: Jobindsats.dk

¹³ In line with the last section in chapter 4.1.3 the thesis will now focus the analytical attention on firms engaging in wage subsidy schemes. Therefore, the term job-placement schemes will now refer to this particular scheme.

Following the Structural Reform (Strukturreformen) which diminished the number of municipalities from 271 to 98 and transformed the PES, the system implementing the Danish ALMP has from 2007 and onwards been governed through three levels, the national (the ministry) level, the regional level (employment regions) and the local level (municipalities). If we start by looking at table five above we see how job-placement schemes in the form of either public or private wage subsidy is used in the four different employment regions. The table shows us both the number of firms in the relevant region involved in implementing the different job-placement schemes as well as how large a share this number of firms consists of the total number of firms in the region in question. If we start by looking at the share of firms involved in private wage subsidy schemes across the regions we can see a substantial divergence in 2012 as opposed to 2011. In 2011 the share of firms diverged from 8.4% in Central Jutland to 8.7% on Zealand spanning just 0.2%. This divergence had increased to 1.3% spanning from 6.8% in Northern Jutland to 8.1% on Zealand. Looking instead at share of firms involved in public wage-subsidy schemes we see as significant divergence in both years observed. In 2011 the divergence spans 1.4% from 6.3% on Zealand to 7.7% in Northern Denmark. This divergence has converged somewhat in 2012 to a span of 0.9% between 6% in Central Jutland to 6.9% in Northern Jutland.

First of all these numbers show a tendency across the board that the number of firms involved in both types of job-placement schemes is falling and this is despite the overall level of unemployment stayed constant in the two years around six percent. Secondly, the table shows us that the decrease in the schemes happens very unevenly and that there is no tendency towards convergence. Instead the span increases between the regions when it comes to firms involved in private job-placement schemes between the regions and it decreases when it comes to firms involved in public job-placement schemes.

Confirmed that significant regional differences in the implementation of the scheme exist we can try to disaggregate the analysis to the local municipal level. In table six below we have looked at how the three largest and smallest municipalities by inhabitants use either the public or private job-placement scheme. This table shows a number of interesting differences; first of all the level of difference in how the municipalities have implemented the scheme is quite low between the large municipalities. The share of firms involved in private job-placement schemes is almost similar spanning from 7.8% to 7.5%. Among the smallest municipalities this variance increases to a span of 7.4%. When it comes to the firms involved in public job-placement schemes the variance is 1.9% between the biggest municipalities and 2.6% between the high and low scorer among the small municipalities.

Table 6: Number and share of firms involved in the job-placement schemes, city, 2012

Biggest municipalities		2012		Smallest municipalities		2012	
		Number	Share (%)			Number	Share (%)
København	Private	1,280	7.8	Langeland	Private	15	3.7
	Public	1,022	6.3		Public	27	6.7
Aarhus	Private	651	7.7	Tårnby/ Dragør	Private	89	7
	Public	473	5.6		Public	81	6.4
Aalborg	Private	405	7.5	Vallensbæk/ Ishøj	Private	86	11
	Public	404	7.5		Public	70	9

Source: Jobindsats.dk

This indicates that the implementation of the job-placement scheme is differently implemented across municipalities and therefore that the variance observed across the regions has its roots in the municipal Jobcenters. The table above also indicates that the smaller the municipality becomes the more we can expect the implementation of the job-placement schemes to vary. This obviously can be the effect of a variety of different reasons. Two factors which can be expected to have significant influence on such inter-municipal variations is the unemployment levels within the municipality, as an indicator of the local economic situation, (Jensen & Lolle, 2013) and what industries are the most prevalent (Crouch, et al. 2004).

Table 7: Number & share of firms involved in the job-placement schemes, by unemployment levels, 2012

Lowest levels		2012		Highest levels		2012	
		Number	Share (%)			Number	Share (%)
Allerød	Private	55	7.6	Vallensbæk/ Ishøj	Private	86	11
	Public	23	3.2		Public	70	9
Hørsholm	Private	46	6	Lolland	Private	87	7
	Public	32	4.2		Public	94	7.5
Rudersdal	Private	90	5.4	Kerteminde	Private	49	8.3
	Public	58	3.5		Public	42	7.1

Source: Jobindsats.dk

In table seven above we can see how the job-placement schemes have been implemented in the three municipalities with the highest and lowest levels of unemployment in 2012. What is interesting to observe in this table is the usage of public job-placement schemes. The usage of these schemes are very low in the municipalities with low unemployment levels but is significantly above average in the municipalities with the highest levels of unemployment. At the same time the share of firms involved in private job-placement schemes is quite high in the municipalities with high unemployment levels.

Overall this shows that unemployment levels matters. However, firms in municipalities under economic strain do not seem to shed their social responsibility. Instead the level of involvement by firms situated in municipalities with high levels of unemployment is significantly higher than among firms situated in well-off municipalities. Furthermore, the table also indicates that municipalities use public job-placement schemes, which due to its programmatic nature most often is in public or semi-public organizations, as a buffer to absorb a share of the high number of claimants.

Table 8: Number & share of firms involved in job-placement schemes, by sector, 2012

Category	Industries	Number	Share (%)
Match 1: Job ready	Agriculture, forestry and fishery	330	2.7
	Manufacturing, mining and utility services	1697	14
	Construction	1415	9.9
	Services, trade, transport etc.	5,149	10
	Information & communication	527	10
	Financial and insurance	83	2.4
	Real estate	254	3.3
	Other business services	1799	10.8
	Public administration, education and health	8243	34.2
	Arts, entertainment and other services	1263	10.7
Match 2: Activation ready	Agriculture, forestry and fishery	48	0.4
	Manufacturing, mining and utility services	198	1.6
	Construction	219	1.5
	Services, trade, transport etc.	858	1.6
	Information & communication	22	0.4
	Financial and insurance	10	0.3
	Real estate	29	0.4
	Other business services	171	1
	Public administration, education and health	975	4
	Arts, entertainment and other services	124	1

Source: Own calculations based on data from Jobindsats.dk. **Note:** the sectors displayed correspond to Danish Industrial Classification category 10.

The second factor which can cause the local and regional variance displayed in degree to which firms are involved in the implementation of job-placement schemes is the composition of local labour markets.

In the table above we see the involvement of firms in both public and private job-placement schemes combined. Instead of dividing them in their involvement in either the public or private schemes the table above divides them on the match category of the claimant they allow into their firm. Distributing the involved firms along this variable will show which sectors carries the heaviest social load in relation the reintegrating the unemployed into the labour market.

When we look at the unemployed with none or few problems besides the fact that they are unemployed (match category 1) we first of all see that the public sector leads by example; 34.2% of the public organizations in Denmark have one or more job-placement claimants within their ranks. If we discount the public sector as an outlier the rest of the industries group in two different categories which can be termed protagonists and antagonists or at least more- and less inclined to deal with the negative social externalities of their own activities. Among the antagonists we find two tertiary service sectors, real estate and finance and insurance, as well as a primary sector, agriculture, forestry and fishery. Among the protagonists we find the largest and most prevalent sectors within the Danish economy manufacturing, services, construction etc. If we look to the second category being the more hard to place unemployed who have significant problems beside being unemployed we find that the share of firms involved is much lower, which can be explained by the low number of people employed within this scheme. However, the same picture emerges; the public sector is heavily involved in reintegrating this category of unemployed, the antagonists mentioned above are very hesitant, whereas the most prevalent sectors remain protagonists. In relation to the divergent levels of implementation of job-placement schemes across municipalities table eight indicates that the difference cannot be explained by the local industrial structure. The total number of firms in the three industries characterized as antagonists only makes up 14.6% of the total number of registered public and private firms in Denmark. Adding to this the most prevalent industries in the Danish economy are all heavily involved in these schemes, the local labour markets of all the Danish municipalities should, *ceteris paribus*, have the capacity to have an equally significant level of involvement in these schemes.

Summing up on the statistical analyses above, we can conclude two things. First of all we can observe significant regional and local variations in how the job-placement schemes have been implemented and the evidence does not indicate a convergence diminishing this variation. The level of local unemployment does seem to have an effect but the effect mostly pertain to the usage of public job-placement. The evidence does not indicate that the share of firms involved in private job-placement can be explained by the level of unemployment. Neither can the local labour markets explain the regional and local variations in that 85.4% of the public and private Danish firms remain potential protagonists. This should give all Jobcenters possibilities to find places for unemployed in job-placement schemes. Seeing as no law exists that forces firms to engage in the job-placement schemes, the ultimate explanation behind the observed variations should be found in the firms, but the evidence above does suggest that the some Jobcenters are better than others in forging relations with local firms.

4.2.2 In-firm recruitment practices and job-placement schemes

In the subsection above we established that significant regional and local variations in the implementation of especially the private job-placement schemes exist and that the level of unemployment or the composition of local and regional labour markets cannot explain this. Instead it seems that some municipalities are better at establishing relations with local firms. This section will explore whether this is so and further look at what characterizes the firms engaged in the job-placement schemes. Focus will be on mapping how different recruitment practices, attitudes towards the PES and forms of flexibility used in firms correlates with being involved in the implementation of job-placement schemes. Besides giving a more thorough characterization of the firms involved we should be able to say something more about whether or not Jobcenters play a role in the diffusion of the policy program as the evidence above indicates.

If we turn to how the recruitment channels correlates with the involvement of firms in the job-placement schemes a very clear picture emerges.

Table 9: Correlation between how often firms use Jobcenters as recruitment channel and their involvement in the job-placement scheme

			Does the firm currently have one or several people employed in job-placement schemes?		Total
			Yes	No	
Jobcenter	Always	Count	15	11	26
		%	57.7%	42.3%	100.0%
	Often	Count	42	21	63
		%	66.7%	33.3%	100.0%
	Sometimes	Count	148	92	240
	%	61.7%	38.3%	100.0%	
	Rarely	Count	182	211	393
		%	46.3%	53.7%	100.0%
	Never	Count	123	391	514
		%	23.9%	76.1%	100.0%
Total		Count	510	726	1236
		%	41.3%	58.7%	100.0%

Symmetric Measures

		Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Ordinal by Ordinal	Gamma	.487	.036	12.033	.000
N of Valid Cases		1236			

Table nine above shows the correlation between how often firms use Jobcenters as the preferred recruitment channel and how this preference correlates with their involvement in job-placement schemes. Initially the table shows that very few firms use the Jobcenter as a main recruitment channel only 89 answers always or often. However if we look at the gamma value showing the strength of correlation between the two variables mentioned we see a very strong positive correlation which can be expected to be externally valid. The positive correlation at 0.487 shows that the more frequent a firm uses the Jobcenter as the primary recruitment channel for acquiring new labour the more likely it is to be involved in implementing the job-placement schemes. As such this correlation shows the primary function played by the Jobcenter in facilitating the implementation of the ALMP, albeit as stated before the decision to get involved is still ultimately on the side of the firm.

This crucial role played by the Jobcenter is confirmed when we look at the recruitment channel with the second strongest correlation displayed in the table below. This table shows how the usage of jobnet.dk by firms as a recruitment channel correlates with their involvement in job-placement schemes.

Table 10: Correlation between how often firms use jobnet.dk as recruitment channel and their involvement in the job-placement scheme

			Does the firm currently have one or several people employed in job-placement schemes?		Total
			Yes	No	
Jobnet.dk	Always	Count	96	74	170
		%	56.5%	43.5%	100.0%
	Often	Count	81	78	159
		%	50.9%	49.1%	100.0%
	Sometimes	Count	94	114	208
		%	45.2%	54.8%	100.0%
	Rarely	Count	92	127	219
		%	42.0%	58.0%	100.0%
	Never	Count	146	331	477
		%	30.6%	69.4%	100.0%
	Total	Count	509	724	1233
		%	41.3%	58.7%	100.0%

Symmetric Measures

		Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Ordinal by Ordinal	Gamma	.282	.039	6.905	.000
N of Valid Cases		1233			

Jobnet.dk is the official labour market exchange of the PES where all unemployed are obliged to create an online profile and post a CV and then in turn where employers can search out potential new manpower. Compared to the Jobcenter this channel is used to a larger extent by firms as a recruitment channel (N = 329). However when we look at the strength of correlation between the two tabled variables it is significantly weaker at 0.282 than in table nine. It is however still a moderate bordering in strong correlation and with a high level of external validity it is still a significant correlation.

As such the data indicates that when the PES and the Jobcenters in particular have established contact with firms they have a window of opportunity to create a relation that can, if the firm agrees to it, result in the potential reintegration of an unemployed into the labour market.

Of the surveyed recruitment channels (Jobcenter, jobnet.dk, trade unions / unemployment insurance funds, private actors and others) the last of the recruitment channels to show any statistically positive or negative correlation is, as table eleven below shows, trade unions / unemployment insurance funds.

Table 11: Correlation between how often firms use trade unions / UI funds as recruitment channel and their involvement in the job-placement scheme

			Does the firm currently have one or several people employed in job-placement schemes?		Total
			Yes	No	
Unemployment insurance funds / Trade unions	Always	Count %	1 25.0%	3 75.0%	4 100.0%
	Often	Count %	4 40.0%	6 60.0%	10 100.0%
	Sometimes	Count %	56 59.6%	38 40.4%	94 100.0%
	Rarely	Count %	130 47.4%	144 52.6%	274 100.0%
	Never	Count %	318 37.2%	536 62.8%	854 100.0%
Total	Count % within UI funds / Trade unions	509 41.2%	727 58.8%	1236 100.0%	

Symmetric Measures

		Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Ordinal by Ordinal	Gamma	.246	.054	4.334	.000
N of Valid Cases		1236			

Table eleven above shows that firms that recruit labour force from either trade unions or their affiliated unemployment insurance funds have a higher plausibility of engaging in the implementation of the

surveyed ALMP schemes. Despite the fact that the number of firms that recruit through trade unions and UI funds is very low ($N = 14$) the table does indicate us something very important; if the firms engage with trade unions and UI funds there is a higher plausibility that they will be ALMP protagonists and conversely if they have little or no relations with trade unions and UI funds there is a high plausibility that they will be ALMP antagonists. Besides showing us that the PES and the Jobcenters in particular play a primary function in facilitating the implementation of the job-placement schemes the data also indicates that labour in the form of trade unions UI funds do play a significant role as well.

4.2.3 Firm-attitudes towards the PES and job-placement schemes

In our survey of the Danish firms we had a battery of questions that sought to capture how the firms perceive of the PES and what role it has in relation to the unemployed. In line with the analyses above these attitudes have been cross-tabulated with whether or not the firms are engaged in the job-placement schemes and the strength of the correlation has been measured using Gamma. This gives us indication of what type of preconception firms, engaged with the scheme in mention, have of the PES. The question is whether the protagonists see the PES as an enforcer of work-first strategies or as a more benevolent social coordinator of the labour market with a social mandate beyond forcing the unemployed back into the labour market as quickly as possible.

What table 12 below shows is that there is no correlation between if firms perceive the role of the PES to be one of solely controlling the behavior of the unemployed by conducting compulsory work-focused interviews and their involvement in the job-placement schemes. This seems to fall in line with the conclusions drawn by Martin and Swank in their comparative study of firm preferences for ALMP in Denmark and England. Here they concluded that the reason why most Danish firms participated in implementing ALMP schemes such as for example job-rotation schemes, was that they saw it as a possibility of obtaining skilled labour and increasing the skills of the overall labour force. Conversely, British firms participated either to secure good public relations or as a way of obtaining cheap labour (Martin & Swank, 2012: 166 – 167).

The table below shows that the degree to which firms conceive of the Jobcenters as enforcers of work-first strategies with no or little human capital investment has only a very weak to none existing positive correlation with their active participation in these schemes.

Table 12: Correlation between the degree to which firms perceive the jobcenter to control the behavior of the unemployed and their involvement in the job-placement scheme

			Does the firm currently have one or several people employed in job-placement schemes?		Total
			Yes	No	
The jobcenter controls the behavior and availability of the unemployed	Agree	Count	407	581	988
		%	41.2%	58.8%	100.0%
	Dis-agree	Count	173	324	497
		%	34.8%	65.2%	100.0%
Total		Count	580	905	1485
		%	39.1%	60.9%	100.0%

Symmetric Measures

		Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Ordinal by Ordinal	Gamma	.135	.056	2.408	.016
N of Valid Cases		1485			

Instead when we look at table thirteen below we see another perception which correlates much stronger with the participation of firms. This table shows to what extent a perception of the Jobcenter as an institution that mainly guides and upskills the unemployed back into the labour market correlates with an active involvement in implementing job-placement schemes. Here we see a positive gamma value of 0.261 indicating a moderately strong correlation as opposed to a very low correlation in the table above. Combined this evidence indicates that protagonists in relation to ALMP do not engage in the implementation of these schemes in order to obtain labour which is cheap and easy to dispose of.

Instead if firms are to engage with the PES, Jobcenters and become active participants in the implementation stage of the Danish ALMP, a perception of the Jobcenters as social coordinators of the labour market with a mandate to guide and upskill is a most stable starting point. It should be added here however, that the Gamma analysis cannot show us causality and we cannot control for the explanatory strength of other variables.

Table 13: Correlation between degree to which firms perceive the Jobcenter to guide and upskill the unemployed and their involvement in the job-placement scheme

			Does the firm currently have one or several people employed in job-placement schemes?		Total
			Yes	No	
The jobcenter guides and upskills unemployed	Agree	Count	352	429	781
		%	45.1%	54.9%	100.0%
	Dis-agree	Count	228	474	702
		%	32.5%	67.5%	100.0%
Total		Count	580	903	1483
		%	39.1%	60.9%	100.0%

Symmetric Measures

		Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Ordinal by Ordinal	Gamma	.261	.050	5.019	.000
N of Valid Cases		1483			

As such despite the fact that we can observe a strong correlation we will not be able to explain why firms participate before we conduct the final binary logistical regression in the last subsection of this chapter. This methodological challenge does however not bar us from looking at a last in-firm trait of firms engaged in implementing the job-placement scheme; their usage of different forms of flexibility.

4.2.4 Forms of flexibility and job-placement schemes

In the survey where these data have been drawn from we also had a question battery which surveyed to what extent the company uses the different forms of flexibility described by Wilthagen and Tros; external, functional, working time, wage and external functional flexibility (2004: 171). In line with the analyses above these flexibility preferences have been cross-tabulated with whether or not the firms are engaged in the job-placement schemes and the strength of the correlation has been measured using Gamma. This furthers our understanding of what characterizes firms engaged in the implementation of these schemes by exploring if protagonists most often shed labour and decrease wages as a means of accommodating supply and demand changes or if they most often engage in human capital investment and job-rotation.

If we look at table fourteen below we can see that the degree to which firms prefer to use the wage level as a way of accommodating fluctuations in demand is negatively correlated with their level of involvement in job-placement schemes.

Table 14: Correlation between the degree to which firms prefer to use wage as a form of flexibility and their involvement in the job-placement scheme

			Does the firm currently have one or several people employed in job-placement schemes?		Total
			Yes	No	
Wage flexibility	Agree	Count %	76 27.5%	200 72.5%	276 100.0%
	Dis-agree	Count %	506 41.5%	714 58.5%	1220 100.0%
Total		Count %	582 38.9%	914 61.1%	1496 100.0%

Symmetric Measures

		Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Ordinal by Ordinal	Gamma	-.302	.067	-4.508	.000
N of Valid Cases		1496			

With a level of significance below .000 this table shows that it is highly statistically likely that if firms dump wages when demand drops they will most likely not be engaged as a protagonist in implementing ALMP. Furthermore if we run a similar analysis and instead look at the correlation level between the extent to which firms use external numerical flexibility (i.e. hiring and firing) we find very low or non-existing correlations (.153 for the former and .025 for the latter). As such these analyses seems to indicate that firms that act as protagonists in relation to the implementation of ALMPs do not do so as part of in-house strategies involving heavy use of external numerical and wage flexibility, wherein job-placement schemes could be a way of obtaining cheap labour. Instead the data seems to indicate that firms are protagonists for different reasons and this somewhat more benevolent picture is confirmed when we turn to table fifteen and sixteen below.

In the table below we can see that instead of dumping the wages or shedding their labour as a priority, when demand is receding employers engaged as protagonists are more often inclined to use Continuing Vocational Training (CVT) as a way of accommodating such fluctuations.

Table 15: Correlation between the degree to which firm use Continuing Vocational Training to accommodate fluctuations in demand and their involvement in the job-placement scheme

			Does the firm currently have one or several people employed in job-placement schemes?		Total
			Ja	Nej	
Continuing Vocational Training	Agree	Count	299	317	616
		%	48.5%	51.5%	100.0%
	Dis-agree	Count	283	597	880
		%	32.2%	67.8%	100.0%
Total		Count	582	914	1496
		%	38.9%	61.1%	100.0%

Symmetric Measures

		Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Ordinal by Ordinal	Gamma	.331	.048	6.397	.000
N of Valid Cases		1496			

In this table we can observe a strong positive correlation at a gamma value of .331 which combined with a significance level below .000 indicates that it is highly likely that this correlation is externally valid. Related to the former analyses conducted in this second subsection of the analysis, this table confirms some of the former findings. The Danish CVT system consists both of a private and a public system, with the latter (Arbejdsmarkedsuddannelser [AMU]) being the absolutely predominant system. It is primarily financed by the state, but administered by the social partners. It delivers industry specific skills and these are certified at a national level, which increases the functional and geographical mobility of the labour force (See Pedersen et al. 2012). The table above indicates that if private firms have been or indeed are in contact with the public system, through the Jobcenter or the local CVT providers, there is a strong possibility, that the firm will be more inclined to engage actively in implementing job-placement schemes. In table sixteen below we see this picture confirmed. This table correlates two variables; the first is the extent to which firms engage in the so-called work-sharing schemes (Arbejdsfordeling) when they need to accommodate slumps in demand. The second variable continues to be their involvement in job-placement schemes.

Table 16: Correlation between the extent to which firms make use of work-sharing schemes to accommodate fluctuations in demand and their involvement in the job-placement scheme

			Does the firm currently have one or several people employed in job-placement schemes?		Total
			Yes	No	
Work-sharing scheme with local Jobcenter where workers receive supplementary benefits	Agree	Count %	26 57.8%	19 42.2%	45 100.0%
	Dis-agree	Count %	556 38.4%	893 61.6%	1449 100.0%
Total		Count %	582 39.0%	912 61.0%	1494 100.0%

Symmetric Measures

		Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Ordinal by Ordinal	Gamma	.375	.132	2.436	.015
N of Valid Cases		1494			

Work-sharing schemes is an ALMP instrument which firms can engage with when they experience a declining demand but wants to keep on often highly skilled workers with firm specific skills. The scheme involves that the work-time of a proportion of the workers employed at the firm is reduced for a specified period and as a way of compensating the workers, they receive supplementary unemployment benefits which compensates all- or a proportion of the foregone wages. The period is formally capped at 13 weeks, but under certain circumstances this can be prolonged. Lastly, due to the fact that workers engaging in the work-sharing scheme receive supplementary unemployment-benefits the work-sharing must have been negotiated and agreed with the local Jobcenter.

Table sixteen shows that there exists a strong positive correlation (.375) between the extent to which firms use work-sharing schemes facilitated through the local Jobcenter and the extent to which they engage in job-placement schemes. As such we are further confirmed in the picture that has emerged through this second subsection of the analysis; there exist substantial variation across regions and municipalities in the extent to which municipalities manage to implement this key ALMP. The local industrial structure and unemployment level does not seem to provide the answer why. Instead the correlation analyses conducted above indicates that part of the answer is to be found in the characteristics of the firms and in their relation to the local PES; the level of engagement of firms in job-placement schemes seems to be a function of their contact with the PES through the local Jobcenters of CVT providers.

4.2.5 Summing up in what characterizes firms engaged in job-placement schemes

Besides the overall picture that the policies in relation to the local firms practiced by Jobcenters seems to be related as an explanatory factor when we seek to explain the regional and local variance in the implementation of the job-placement schemes, we must first and foremost focus on the firms and their characteristics. The reason for this is that when it comes to the way in which business in Denmark historically have urged to seize a social responsibility in relation to especially the ALMP agenda has been premised on the voluntary principle. The institutional background for building ALMP and CSR agendas in general and job-placement schemes in particular on this principle is out of respect for the particular Danish industrial relations system, whereby most of the regulations of the labour market as well as the wage levels are privately negotiated (Bredgaard, 2004: 378–379).

Table 17: Characteristics of firms engaged in job-placement schemes and Gamma values

Protagonists engaged in implementing job-placement schemes are characterized by		
Recruitment practices	Often recruiting their labour through a Jobcenter	.487
	Often recruiting their labour through jobnet.dk	.282
	Often recruiting their labour through trade unions or UI funds	.246
Perception of the PES	To a very low degree perceiving Jobcenters as enforcers of work-first strategies vis-à-vis the unemployed	.135
	Often perceive of the Jobcenter as guiding / upskilling the unemployed	.261
Usage of flexibility measures	Never using wage levels as a flexibility measure to accommodate fluctuations in demand	-.302
	Very often upskilling their workers	.331
	Very often using work-sharing schemes	.375

In this paper we seek to explain the variance in the degree to which firms actively engage in the job-placement schemes through two steps; descriptive and analytical statistics. In table seventeen above we see a summing up of what characterizes firms that actively engage in the ALMP in mention. The picture that this table paints of protagonists is not the malevolent image of a firm that engage purely to gain access to cheap labour. Instead, protagonists often upskill their labour force, they seldom use wage flexibility and they are reluctant to turn quickly to external numerical and functional flexibility during demand slumps. The table furthermore shows that protagonists often have established relations with the local authorities in the form of the local Jobcenter or CVT providers. They see the Jobcenter as an institution that coordinates the matching of the supply and demand of labour through guidance and

upskilling. As such, the Jobcenters are essential in diffusing job-placement schemes and this analysis indicates that the regional and local variations in the implementation of these schemes are attributable to the actions and inactions of the Jobcenters. I this line table seven showed us, somewhat counter intuitively that there exists an inverse relationship between the level of unemployment in the municipality and the share of firms involved in implementing private job-placement schemes. This indicates to us that when the need is sufficient municipalities are able to activate the local firms to engage in implementing the job-placement schemes. And once activated the characteristics of protagonists seem to indicate that firms get a positive perception of Jobcenter and the role they play in relation to firms and the unemployed.

However, as indicated earlier due to the liberal regulation of how private firms engage in job-placement schemes in particular and ALMP in general, the decision to engage is ultimately the firms to make. Therefore when we seek to identify what determines why firms engage actively the determinants must be found in the firms. The third and last subsection of this analysis will tackle this analytical challenge.

4.3 Which determinants can explain why firms actively engage in job-placement schemes?

Drawing on the survey of Danish firms conducted in 2013 the next section will seek to explore what the sources of firms' interests for ALMP in general and job-placement schemes in particular are. ALMP have become a centerpiece for governments in trying to overcome the two-pronged challenges produced by the simultaneous decline of manufacturing and rise of the service sector and increasing globalization: increasing risks of long-term unemployment and slower economic growth producing 'permanent austerity' for nation states (Pierson, 2001; Iversen, 2005). By actively seeking to reintegrate the unemployed back into the labour market through a variety of measures ALMP is considered a panacea in that these policies both have the potential of reducing the risks of long-term unemployment while also limiting government social spending. Seeing as most ALMPs in one way or another aim at making the unemployed more employable (Bonoli, 2010), information regarding what it takes to be employable is needed both in the formulation, administration and implementation of ALMP. Employers are therefore put center stage (Martin, 2000). As observed by Martin and Swank herein lies the post-industrial and globalized dilemma of employers and ALMP: the two-pronged challenges described necessitates ALMP and therefore an activation of employers, however they also complicate this activation because increased globalization have made companies more sensitive to additional costs of any kind (Martin & Swank, 2012: 150). Knowledge as to how we overcome this dilemma and potential tragedy of the social commons is therefore of both scholarly and political importance. By answering the research question;

'which determinants can explain why these employers participate in implementing the job-placement scheme?' this thesis seeks to produce this warranted knowledge. This will be done in two steps; first, we will briefly recap the hypothesis and determinants. Next we will present the output and results from the binary logistical regression and lastly in the subsection following these results will be discussed in relation to the hypotheses and underlying theories.

Table 18: Hypotheses

<i>Varieties of Capitalism-related determinants</i>	
Skill-level	Firms using specific skills are more likely to participate than firms using general skills
Size	Large firms are more likely to participate than small firms
Sector	Firms in the service sector are less likely to participate than firms in the industry
<i>Power-related determinants</i>	
Level of Collective Agreement coverage	Firms covered by collective agreements are more likely to participate than firms with lower coverage
<i>Economic determinants</i>	
Economic situation	Firms where the economic situation has improved within the last few years are more likely to participate than firms where the economic situation has worsened in the last few years
Ownership	Firms with a primarily Danish ownership structure is more likely to participate than firms owned primarily by foreign actors
Primary markets	Firms that sell their products or services primarily on the national market is more likely to participate than firms that primarily sell their products or services on the international market

Three determinants were derived from the Varieties of Capitalism theories; skill level of the work force, size and sector. These determinants in one way or another all pertain to characteristics of the firms without referring to economic elements. The focus is on how the firm overcome a number of collective action problems (skill investment, acquiring finance, R&D, labour management relations etc.), how societal institutions support these delicate processes and therefore how firms develop often positive preferences for these institutions. The Conflict-related theories largely recast this assertion. The maximization of profits is a sine qua non for employers and they seek this through a flexibilization or dismantling of all social institutions unless the power of labour can stop it. When seeking to explain the preferences held by employers for social institutions such as ALMP economic theories, look to economic determinants pertaining to the individual firms. Management is considered rational and their decisions as to whether or not to get engaged in the implementation of ALMPs ultimately comes down to observable economic characteristics such as; economic situation, markets and ownership.

Table 19: Characteristics of firms engaging in the implementation of job-placement schemes, binary logistic regression (odds ratio)

Theories	Determinants	Independent Variables	Varieties of Capitalism	VoC & Power	VoC, Power & Economics
Varieties of Capitalism	Sector	Construction	<i>Baseline</i>	<i>Baseline</i>	<i>Baseline</i>
		Public Sector	3.096***	2.968***	2.561**
	Size (employees)	6–10	<i>Baseline</i>	<i>Baseline</i>	<i>Baseline</i>
		11–20	2.470**	2.395*	2.462**
		21–50	3.483***	3.177***	3.330***
		51–100	8.346***	7.545***	8.077***
		100+	10.343***	9.027***	9.912***
	Skill composition of employees	0% unskilled	<i>Baseline</i>	<i>Baseline</i>	<i>Baseline</i>
		0.01–20% unskilled	1.878**	1.842**	1.851**
		20.1–40% unskilled	2.020**	1.963**	1.963*
		40.01–60% unskilled			1.770*
		0% MSc. grads.	<i>Baseline</i>	<i>Baseline</i>	<i>Baseline</i>
		20.01-40% MSc. grads.	.353***	.388***	.408*
		60.01-80% MSc. grads.	.291*	.342*	.358*
		80.01-100% MSc. grads.	.239*	.247*	.368*
Power	Number of employees covered by collective agreements	50%>		<i>Baseline</i>	<i>Baseline</i>
		51%<		2.177***	1.976***
Economic	Economic situation of firm	Worsened			<i>Baseline</i>
		Improved			.679*
	Primary ownership of the firm	International			<i>Baseline</i>
		National			1.943*
N (% of total N)					1461 (97.5)
Hosmer & Lemeshow goodness of fit					.090
Nagelkerke					.291

Note: Binary logistical regression (Does the firm currently have one or several people employed in job-placement schemes? (0 = no, 1 = yes)). The variables that proved insignificant in the regressions have been omitted in the table above. The entire regression output including the syntax can be found in the statistical appendix. The regressions were conducted in three stages where a new set of theoretically deduced variables were included at each stage. This allows the research to better evaluate if the variables are susceptible to interaction effects from other variables. A separate regression involving only the economic determinants was conducted (sector and size was controlled for) which give .646* and 1.963*. In the statistical appendix a regression has also been enclosed where the Public Sector has been omitted. This shows the exact same independent variables to be significant and strong. Due to this the public sector is included in the table above to increase the overall N. P-value: *** <0.001; ** <0.01; * <0.05.

Source: Survey data gathered by Statistics Denmark and commissioned by the Centre for Labour Market Research at Aalborg University, Denmark.

In table nineteen above the significant findings from the conducted binary logistical regressions have been presented. As we can see from the Nagelkerke value in the bottom of the table 29.1% of the variance in the firms' response to the question: 'Does the company currently have one or several people employed in job-placement schemes?' can be explained by the omitted determinants and their derived variables.

Initially the regressions conducted showed that most of the *industry / sector* variables were highly insignificant, meaning that the odds ratio found could not with statistical certainty be expected to be externally valid. Of the nine different industries belonging to either the service sector, industry or the public sector, the only sector where the effect was significant was that of the public sector. Set in relation to the baseline industry, Construction, firms in the public sector had 3.096*** higher odds of being engaged in implementing job-placement schemes, than firms in the construction sector. However in stage two and three where the Power- and economic variables are included these odds decrease to 2.968***. Barring the effect of being located in the public sector, the data seems to indicate that if the sector variables do have effect on the dependent variables, it is most likely by coincidence.

If we move on to the somewhat peripheral determinant within the Varieties of Capitalism framework, *size*, we find a very different picture. Categorizing the firms as either belonging to one of the five categories listed above and using the smallest category as the baseline, we find a clear and unambiguous message: size matters. In the first column with only the VoC variables, we find that firms with 11-20 employees have 2.470** times higher odds of having an unemployed in job-placement than the baseline category. The corresponding odds for firms with 21-50 employees is 3483***, firms with 51-100 employees have 8.346*** times higher odds and the last category with 100+ have 10.343*** times higher odds than the baseline category. Furthermore, when we control for and add the other variables in column two and three the significance level and effect of the size variables hardly changes. Despite occupying a peripheral place in the VoC framework, it is very strong determinant of why firms engage in implementing job-placement schemes.

The skill composition of employees holds a central position within the VoC framework. However, when we look to table nineteen and the regressions conducted the empirical evidence does not confirm this role as a 'master variable'. In the regression conducted four groups of variables were constructed that showed the percentage of which four different educational profiles consisted of the work force; unskilled, blue collar workers, skilled white collar workers and finally workers with MSc. degrees. Contrary to the theory these variables proved largely insignificant. What the regression did show and

what is documented in table nineteen above is that as the share of unskilled workers in a firm increases the odds that the firm will employ an unemployed through a job-placement scheme increases. With the admittance of, and therefore control for, all variables in the model the third column shows that if the firm has up to 20% unskilled it has 1.878* higher odds answering yes to having a person employed in a job-placement scheme than if the firm has no one on the pay roll being unskilled. These odds increase to 2.020** if the share of unskilled increase to 21-40%. And indeed we see in the third column after power and economic variables have been controlled for that if the share of unskilled workers make up 41-60% the firm has 1.770* times higher odds of participating than the baseline category.

We also find significant effects from the variable showing the share of employed with MSc. degrees at the firm. Here the regression show that as the share of workers with MSc. degrees increases from between 21-40% to 61-80% and 81-100%, the odds that the firm will engage in implementing the job-placement scheme programs decreases in the third column from .408* to .358* and down to .368*. Therefore, despite occupying a central place in the VoC framework skill composition of the work force seems a less strong and significant in the regression presented above.

If we turn to the Power-related variable being the share of employees covered by collective agreements we find some interesting results in the regression analyses presented in table nineteen. Included in column two we find that firms where 51%< are covered by collective agreements have 2.177*** higher odds dealing with the social consequences of their own activities (i.e. long term unemployment) than are firms where 50%> are covered by collective agreements. When the last economic determinant and the derived variables are included in the model in table three we find that this effect from the power variable has decreased only slightly to 1.976*** while remaining highly significant. The power of labour at the firm level therefore seems to have an effect on the social conscience of the management.

Thirdly, when we turn to the economic determinants the regressions conducted and enclosed in the statistical appendix show that the primary markets to which the firm in question caters to has an effect on their preferences for job-placement schemes, but this is highly insignificant. Instead the variables that proved to have a significant effect on the preferences of firms are the economic situation of the firm and the nationality of the primary ownership of the firm. If we initially turn to the role played by the economic situation of the firm, arguably strong predictor within standard economic theory, we find somewhat of a counter intuitive result. Using firms where the economic situation within the last few years have deteriorated as baseline, we find that firm where the economic situation has improved within the last few years have 0.679* times lower odds of being job-placement protagonists than the baseline category. Turning to the next variable we find that the nationality of the actors controlling the

main part of the firm has a strong impact. Set in relation to the baseline being firms that are primarily owned by international actors we find that firms primarily owned by Danish actors have 1.943* times higher odds than the baseline. Consequently, despite consequently bordering insignificance the economic variables that proved significant carries quite an explanatory weight in relation to explaining the variance on the dependent variable.

4.4 Discussing the explanatory determinants

When discussing the scientific aim of political science Eckstein contended that *'The goal of coherent, cumulative theory is laudable; however, only a counterfeit of such theory can be attained by forcing hypotheses into a single language'* (1998: 5514). In reviewing the explanatory determinants found above to be both significant and strong in explaining the preferences of firms for job-placement schemes, this quote by Eckstein seems to be warranted. This is because the reality revealed by the analyses above transcends the theoretical programs with their basic causal assumptions and the derived hypotheses. Much in line with the ontological perception of firms as being rational but influenced by a finite number of observable institutional or economic factors, the analysis above finds that not one of the theoretical approaches but all are to a certain extent useful when seeking to explain the preferences for public policy held by firms.

The analysis shows very clearly, that firms are not only the means-end calculating entities they are often made out to be by both scholarly economic theory and in political and popular discourse. Their preferences for ALMP in general and job-placement schemes in particular cannot be explained solely with reference to their economic characteristics alone. In fact contrary to the theoretical expectations firms that fare worse have higher odds of participating in job-placement schemes than firms where the economic circumstances have improved. This confirms the results found in table 7 showing the number and share of firms involved in the job-placement schemes by unemployment levels in the municipality. Here we saw that firms in municipalities with the higher levels of unemployed are more inclined to participate than firms located in municipalities with lower levels of unemployed. This seems tell us two things: it validates what the second subsection of this analysis indicated that Jobcenters play a crucial role in diffusing job-placement schemes. Secondly, the data shows the difficulty of deriving unambiguous hypotheses from complex theories, because within the standard economic reasoning these results could readily be explained by the fact that firms take on unemployed in job-placement schemes as ways of obtaining cheap labour thereby reducing labour costs. Despite being a quite plausible scenario for many firms, it does not seem to be validated by the cross-tabulations in the

former sub-section of the analysis; firms that use external numerical flexibility extensively rarely take on unemployed in job-placement schemes. This seems to indicate that the use-and-dispose approach to labour is not compatible with engaging in job-placement schemes. A different economic determinant that seems to validate a central standard economic contention was the ownership of the firm. The theoretical proposition was that with the opening of global markets for the factors of production firms have been able and indeed strive for shedding themselves from social obligations and any additional social costs. Looking at the effect from the primary ownership variable in table nineteen this seems to be validated in that firms that are primarily owned by Danish interests have 1.943* times higher odds of being protagonists than firms owned primarily by international actors. Economic characteristics of firms are not the 'master variables' they are expected to be by standard economic theories. The data however does confirm the existence of the globalization v. ALMP dilemma; globalization necessitates ALMP and the engagement of employers in the ALMP process but it also drives the firms to make their activities more efficient and shed themselves of all 'unproductive hands' as Adam Smith would call unemployed in job-placement schemes. The establishment of this dilemma falls much in line with scholarly literature on the effects of globalization (McKenzie & Lee, 1991; Strange, 1996).

As opposed to the rather dismal Smithian scenario above the data also shows that the 'efficiency hypothesis' following globalization does not in any way reign supreme. The decision making process in firms might be more or less economically rational but it is also influenced by other factors. This is made visible when we tested the effect of the VoC determinants and the derived independent variables. The skill composition of the work force seems to matter, but not in the way hypothesized by the VoC framework. Following this framework firms employing labour with general skills (both unskilled and MSc. degrees) would be less inclined to support ALMP as this would impede the market coordination of the labour market and incentivize labour to invest in more asset specific skills. Contrary to this the larger the share of unskilled workers in a firm the more inclined is the firm to be protagonists. Somewhat validating the framework the regression showed that the larger the share of MSc. degree holding employees the less inclined is the firm to engage in job-placement schemes. The data therefore is difficult to reconcile with the theories especially seeing as another hypothesis seems to explain this outcome better; the supply and demand of unemployed. In 2012 12.4% of the unskilled were unemployed and this number was 4.9% of people with a MSc. degree. Concomitantly, the employment rate of unskilled in 2012 was 54.8% and 86% for people with a MSc. degree. As such the supply of unskilled unemployed is higher and adding to this that unskilled have a higher risk of becoming long

term unemployed (AE-rådet, 2010) the municipalities have an incentive to focus their activities on these groups. The demand can also be expected to play a role in that, *ceteris paribus*, we can expect the knowledge intensive character of the work process to become lower as the share of employed unskilled workers increase and higher as the share of highly skilled white collar workers increase. A low level of complexity in the work process makes it easier for the firm to quickly integrate an unemployed in a job-placement position as opposed to firms with high levels of complexity. However, it is not possible here to test this hypothesis of supply and demand. A last indicator that the skill composition cannot be regarded the master variable is that, if we factor out the public sector from our regression and only test our hypotheses in the private sector (See table 4 in the Statistical appendix) all skill variables become insignificant. The skill profile of the work force does not seem to play the explanatory role hypothesized by the VoC framework.

What did prove a very strong determinant of the preferences for ALMP in general and job-placement schemes in particular held by firms is that of size (See also Thomsen, et al., 2011; Holt, et al., 2013 for similar results). Despite the fact that all the independent variables of the model is controlled for the size variable is hardly affected in its correlatory strength or significance. Furthermore the role of size as a determinant is further underlined by the fact that the odds ratio that the firm will participate in implementing the job-placement schemes increases in an exponential way when the size of the firm increases. According to the theoretical assumptions underpinning the hypothesis the explanation for this outcome is a rather Machiavellian deliberation by the firms about costs and benefits of social programs; large firms support in-firm programs such as job-placement schemes as opposed to purely public ALMP programs because their size allows them to carry these additional costs while knowing that their organizationally smaller competitors will feel these additional costs harder (See Mares, 1997: 308–310; 2001: 187–203). This inference from the data using the theory put forward by Mares does however run into the classical problem of all statistical research, being correlation does not imply causation (See Hall, 2003). From the survey data we cannot see if indeed this Machiavellian process is what causes a change in X (size) to affect the variance in Y (participation). Indeed the literature on the subject proposes a different hypotheses as to why size matters; larger firms have more developed Human Resource departments which might promote a more active social agenda within the firm (Martin, 2005: 134; Thomsen, et al., 2011; Holt, et al., 2013) and larger firms might due to their visibility more often be the target of government outreach programs (Martin & Swank, 2012: 162; Thomsen, et al., 2011; Holt, et al., 2013). The survey data does not allow us to test the explanatory value of large Human Resource

departments or the theories put forward by Mares, but as illustrated by table nine contact with the local Jobcenter correlates strongly with active participation in job-placement programs. We can therefore firmly conclude that size does matter when it comes to explaining the preferences held by firms for job-placement schemes.

The third significant and strong predictor of the preferences held by employers for job-placement schemes was power of labour on the work place coded as the share of workers in the firm covered by a collective agreement. The explanatory role of this variable is further substantiated by two findings in the second subsection of the analysis; firms that often recruit new labour from trade unions and UI funds are more likely to be protagonists (.246) than firms with little contact to trade unions and UI funds. Secondly, firms that use work-sharing schemes have a much higher likeliness of being protagonists than firms which do not use this program as a way of accommodating market fluctuations in demand (.375). As explained briefly earlier the scheme involves that the work-time of a proportion of the workers employed at the firm is reduced for a specified period and as a way of compensating the workers, they receive supplementary unemployment benefits which compensates all- or a proportion of the foregone wages. What is also very relevant here is that firms can only enter into these publicly sanctioned and funded work-sharing schemes if it is sanctioned by the collective agreement or if is collectively agreed at the firm between worker representatives and management. Adding to this picture of the role played by organized labour at the firm level, the regression results presented in table nineteen we see that when we control for all relevant variables in the model we still see that firms where 51%< of the workers are covered by collective agreements have 1.976*** higher odds of participating in job-placement schemes than firms where 50%< are covered. These results leave us with a firm conception of the role of labour at the firm level; labour acts as an instigator of firm-level ALMP protagonism. Firms acting as ALMP protagonists are characterized by a labour force that is strongly organized, where labour collectively negotiate wages and working conditions with management and by labour and management working together to manage fluctuations in demand through for example work-sharing schemes. These often positive relations with organized labour also show itself in that ALMP protagonists more often recruit new labour through local trade unions and UI funds. As with the analyses above we also in relation to this power-related determinant and derived variables need to heed the methodological causation in that correlation does not automatically imply causation. The data does not show inconclusively that labour alone acts as the instigators through the process just put forward. It does nonetheless show that when explaining the preferences for ALMP in general and job-placement schemes in particular we cannot discount the role of labour.

Chapter 5: Conclusion

Capital and its preferences for public policy in general and specific programs in particular have been treated in a stepmotherly fashion within much welfare state and labour market research. The preferences of capital in general and firms in particular were a priori inferred from Marxist theories of exploitation or micro-economic theories of profit maximization. Starting from this blind spot, a literature has sprung trying to take a critical and more nuanced analytical view of the empirically observable preferences held by capital. In relation to a scholarly and political salient issue, the engagement of firms in the implementation of job-placement schemes, this thesis has engaged with this new research agenda by testing seven hypotheses derived from three central theories. The results overwhelmingly confirm the need for a nuanced and empirically founded analytical view of firms. Three of the seven hypotheses were confirmed in the logistic regressions conducted and these were:

- *Hypothesis 2: Large firms are more likely to participate than small firms.*
- *Hypothesis 4: Firms covered by collective agreements are more likely to participate than firms with lower coverage.*
- *Hypothesis 6: Firms with a primarily Danish ownership structure is more likely to participate than firms owned primarily by foreign actors.*

ALMP protagonists can in other words hardly be characterized as Marxist exploiters or narrow profit maximizers. Instead this analysis has shown that they often have close cooperation with the Public Employment System, local trade unions and UI funds in their recruitment of labour. They view the Jobcenter as a central institution in the social coordination of the labour market, wherein formal upskilling is an essential instrument. Protagonists very rarely use external numerical flexibility and never resort to wage flexibility to accommodate fluctuations in demand. Instead they upskill their employees and negotiate work-sharing schemes with organized labour. The determinants which can explain why these employers participate in implementing the job-placement scheme are according to this analysis *size, power of organized labour and ownership*. Firms as political actors, the decision process by which they engage with public policies and the determinants that shape these processes are as varied as could be expected from any social actor; it is formed by economic premises, shaped by strategic considerations and driven by inter-class pressures. Despite its complexity we need to understand and map out these determinants because addressing the interests and preferences held by employers for public policy in general and ALMP in particular should be one of the most important research agendas in a globalizing world. Hopefully this thesis has contributed some of the pieces needed to complete this puzzle as to why some employers are antagonists and other remain protagonists

Chapter 6: Epilogue

The aim of a positive social science which this thesis has strived to aim for is through control, test and prediction to be able to manipulate and improve the formal institutions and social structures that surrounds us. Albeit an ambitious, to some pretentious and to others impossible goal, this is none the less the goal. If we are to take the analysis of this thesis as well as the derived conclusion and use it as a positive science intends, the questions arise; *who can benefit, why and how?*

Surveying the performance targets for the Danish Jobcenters put forward by the Minister for Employment for the period 2010 – 2014 we can see that it was not until 2013 that establishing good relations with the local firms became a target. This indicates that since the establishment of the municipal Jobcenters the labour market policy has been overwhelmingly focused the tightening the incentives and controlling the actions of the unemployed and less on forming relations with and understanding the demand for labour. A renewed focus in the ministerial performance targets for the labour market policy on the demand side signals that this is changing. It is increasingly understood that if we are to overcome the mismatch between the supply of and demand for labour causing unemployment it is not enough to sanction and stress the supply we also need to understand the demand. This thesis has shown that the willingness of employers to engage in job-placement schemes following certain empirically identifiable patterns. This tells us that if the Jobcenters wish to optimize the outflow of unemployed from passive unemployment into job-placement schemes they can build their outreach strategies around factors such as size or ownership and they should work actively together with local trade unions and UI funds.

How the Jobcenters go about doing this is ultimately left to the discretion of the Jobcenters but a quick comparative look gives very concrete examples: in the German PES they have account managers that have undergone three weeks of training who are responsible for establishing, maintaining and servicing a number of firms. In the Netherlands they have created regional Employers Service Centres that gives employers one entrance into the PES. In Belgium-Flanders they have for each of the five Flemish provinces a team of account managers and each account manager is responsible for one or more of his/her sectors in the province (Koning & Gravesteyn, 2011). The fact that the ministerial performance targets now incorporate a more intensive contact with the local firms is certainly an important step on the way. However, at the moment no funds follow the good intentions to engage more intensely with local business and when the municipalities are economically strained good intentions in Copenhagen might be dashed in Aalborg or Struer. The examples above also indicate that reforms of the PES could have the potential to professionalize the contact with local firms.

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Statistical appendix

In order to present to the reader the choices made in constructing the tables throughout this thesis we have enclosed in this section the calculations, outputs, syntaxes etc. In order to secure and create an overview this section will only feature tables where the authors own calculations or analyses in SPSS have been made.

Figure 1: Number of full-time persons in job-placement schemes & job-placement schemes as a share of total activation (1995-2012)

The numbers used to construct figure one were collected from three different tables found at Statistics Denmark: 1995–2004, AB712; 2004–2006, AB705; 2006–2012, AUH01. This poses a problem in that different counting practices underpin the three tables. In the context of this thesis it poses less of a problem in that the constructed figure one is used to present a development more than actual numbers for the different programs. The numbers of which the figure is composed is presented in the table below:

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Wage sub	20366	15599	13335	12837	13386	13420	14232	13908	12651	16410	13489	10937	5895	5447	7835	15133	17183	13660
Wage sub	5732	4844	3494	3665	3524	3539	3486	3600	3337	3411	2987	2584	1923	1952	1976	3107	4564	5271
Company	619	407	436	566	641	329	134	86	69	3	954	980	783	504	1655	4089	5871	4719
Company	10237	12910	13524	14683	15943	15964	15404	15208	12576	8133	8133	6950	5548	6594	8666	10971	14378	14528
Share of ji	56.8	45.3	40.1	40.8	38.6	42	40.4	40.7	41.7	40.8	40.3	39.4	26.5	26.3	29.7	36.6	46.5	46.9
Aktivered	64981	74398	76704	77777	86700	79061	82281	80458	68579	68461	63275	54355	53384	54981	67605	90949	90297	81365

Table 2: Number of full-time participants in job-placement and upskilling programs (1995 – 2004)

Seeing as Statistics Denmark just recently constructed a category labeled ‘formal upskilling’ I was forced to construct such a category myself and place various ALMP programs into this category if I wanted a longer historical view of how the number of full time persons in job-placement schemes stood in relation to the number of persons in ‘upskilling’ as I called it. After conferring with an employee at Statistics Denmark I used table AB712 and placed the following programs in the ‘upskilling’ category:

- Orlov til uddannelse fra ledighed
- Orlov til uddannelse fra beskæftigelse
- Uddannelse med voksenuddannelsesstøtte
- Ordinær uddannelse med uddannelsesgodtgørelse
- Særlige uddannelsesforløb for dagpengeberettigede
- Særlige uddannelsesforløb for kontanthjælpsberettigede
- Voksen- og efteruddannelse
- Kursus I samfundsforståelse
- Danskundervisning

- Særskilt tilrettelagt danskundervisning
- Voksenlærling

The category 'job-placement' was comprised of the following programs:

- Jobtræning for dagpengeberettigede
- Jobtræning for kontanthjælpsberettigede
- Individuel jobtræning for dagpengeberettigede
- Individuel jobtræning for kontanthjælpsberettigede
- Frivillige ulønnede aktiviteter
- Arbejdspraktik

Table 19: Characteristics of firms engaging in the implementation of job-placement schemes, binary logistic regression (odds ratio)

This table was the result of three conjoined binary logistic regressions. Below the three regressions are presented along with the Nagelkerke and the Hosmer & Lemeshow tests. Lastly the syntax is enclosed.

Table 1: Varieties of Capitalism Variables + Nagelkerke & Hosmer & Lemeshow test
Variables in the Equation

	B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I. for EXP(B)	
							Lower	Upper
Step 1 ^a Construction			65.641	8	.000			
Agriculture	.473	.643	.540	1	.462	1.605	.455	5.665
Industry	-.121	.350	.119	1	.730	.886	.446	1.761
Arts & Culture	.478	.391	1.497	1	.221	1.613	.750	3.472
Trade & Transport	.127	.326	.153	1	.696	1.136	.600	2.150
Information & Communication	-.502	.510	.968	1	.325	.605	.223	1.646
Finance & Insurance	-.744	.483	2.370	1	.124	.475	.184	1.225
Business Services	.327	.366	.798	1	.372	1.387	.676	2.845
Public Administration	1.130	.321	12.392	1	.000	3.096	1.650	5.807
6-10			89.000	4	.000			
11-20	.904	.343	6.961	1	.008	2.470	1.262	4.834
21-50	1.248	.325	14.783	1	.000	3.483	1.844	6.581
51-100	2.122	.334	40.329	1	.000	8.346	4.336	16.065
100+	2.336	.341	46.954	1	.000	10.343	5.302	20.178
0% Unskilled			15.276	5	.009			
0-20%	.630	.195	10.464	1	.001	1.878	1.282	2.750
20-40%	.703	.242	8.414	1	.004	2.020	1.256	3.248
40-60%	.602	.281	4.574	1	.032	1.825	1.052	3.168
60-80%	.337	.311	1.169	1	.280	1.400	.761	2.578
80-100%	.219	.260	.710	1	.400	1.245	.748	2.073

0% Skilled blue collar			6.739	5	.241			
0-20%	.066	.274	.057	1	.811	1.068	.624	1.826
20-40%	.139	.294	.223	1	.637	1.149	.646	2.045
40-60%	.347	.316	1.204	1	.272	1.414	.762	2.626
60-80%	-.241	.338	.512	1	.474	.785	.405	1.522
80-100%	-.242	.352	.473	1	.492	.785	.393	1.566
0% Skilled white collar			1.171	5	.948			
0-20%	.077	.186	.171	1	.679	1.080	.750	1.556
20-40%	-.035	.245	.020	1	.886	.966	.597	1.562
40-60%	.031	.276	.013	1	.909	1.032	.601	1.773
60-80%	-.092	.316	.086	1	.770	.912	.491	1.692
80-100%	-.218	.342	.404	1	.525	.804	.411	1.574
0% MSc. degree			24.584	5	.000			
0-20%	-.096	.149	.413	1	.521	.909	.679	1.216
20-40%	-1.041	.272	14.656	1	.000	.353	.207	.602
40-60%	-.656	.353	3.458	1	.063	.519	.260	1.036
60-80%	-1.234	.438	7.943	1	.005	.291	.123	.687
80-100%	-1.431	.513	7.796	1	.005	.239	.087	.653
Constant	-2.814	.538	27.379	1	.000	.060		

a. Variable(s) entered on step 1: bragrp1, strgrp, A5a_ny5kat, A5b_ny5kat, A5c_ny5kat, A5d_ny5kat.

Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	1644.178 ^a	.193	.262

a. Estimation terminated at iteration number 5 because parameter estimates changed by less than .001.

Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	14.557	8	.068

Table 2: VoC & Power-related variables + Nagelkerke & Hosmer & Lemeshow test Variables in the Equation

	B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I. for EXP(B)	
							Lower	Upper
Step 1 ^a Construction			50.079	8	.000			
Agriculture	.618	.652	.896	1	.344	1.854	.516	6.660
Industry	-.007	.351	.000	1	.984	.993	.499	1.977
Arts & Culture	.630	.394	2.558	1	.110	1.878	.867	4.066
Trade & Transport	.295	.328	.807	1	.369	1.343	.706	2.553
Information & Communication	-.282	.520	.294	1	.588	.754	.272	2.091
Finance & Insurance	-.748	.484	2.381	1	.123	.473	.183	1.224
Business Services	.570	.373	2.342	1	.126	1.769	.852	3.672
Public Administration	1.088	.321	11.489	1	.001	2.968	1.582	5.567
6-10			78.793	4	.000			

11-20	.873	.345	6.405	1	.011	2.395	1.218	4.711
21-50	1.156	.327	12.482	1	.000	3.177	1.673	6.034
51-100	2.021	.337	36.000	1	.000	7.545	3.899	14.600
100+	2.200	.344	40.880	1	.000	9.027	4.599	17.719
0% Unskilled			14.842	5	.011			
0-20%	.611	.196	9.715	1	.002	1.842	1.255	2.705
20-40%	.675	.244	7.614	1	.006	1.963	1.216	3.170
40-60%)	.512	.285	3.236	1	.072	1.668	.955	2.914
60-80%	.285	.315	.820	1	.365	1.330	.717	2.465
80-100%	.151	.263	.331	1	.565	1.163	.695	1.948
0% Skilled blue collar			7.034	5	.218			
0-20%	.045	.275	.027	1	.869	1.046	.610	1.794
20-40%	.139	.296	.221	1	.638	1.149	.643	2.054
40-60%	.349	.318	1.205	1	.272	1.418	.760	2.646
60-80%	-.240	.340	.496	1	.481	.787	.404	1.533
80-100%	-.279	.356	.614	1	.433	.757	.377	1.519
0% Skilled white collar			1.339	5	.931			
0-20%	.068	.188	.130	1	.718	1.070	.741	1.545
20-40%	-.024	.247	.010	1	.922	.976	.601	1.585
40-60%	.049	.279	.031	1	.861	1.050	.607	1.816
60-80%	-.093	.318	.085	1	.771	.911	.488	1.701
80-100%	-.255	.345	.549	1	.459	.775	.394	1.523
0% MSc. degree			20.491	5	.001			
0-20%	-.061	.150	.164	1	.685	.941	.702	1.262
20-40%	-.946	.275	11.840	1	.001	.388	.226	.665
40-60%	-.549	.359	2.343	1	.126	.578	.286	1.166
60-80%	-1.072	.444	5.828	1	.016	.342	.143	.817
80-100%	-1.399	.517	7.326	1	.007	.247	.090	.680
51%< Covered by collective agreements	.778	.176	19.584	1	.000	2.177	1.542	3.072
Constant	-3.407	.560	36.972	1	.000	.033		

a. Variable(s) entered on step 1: A8_kat2.

Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	1623.636 ^a	.204	.277

a. Estimation terminated at iteration number 5 because parameter estimates changed by less than .001.

Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	9.721	8	.285

**Table 3: VoC, Power-related and Economic variables + Nagelkerke & Hosmer & Lemeshow test
Variables in the Equation**

	B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I. for EXP(B)	
							Lower	Upper
Step 1 ^a Construction			30.779	8	.000			
Agriculture	.515	.663	.603	1	.437	1.673	.456	6.138
Industry	.156	.358	.190	1	.663	1.169	.579	2.361
Arts & Culture	.477	.398	1.437	1	.231	1.611	.739	3.516
Trade & Transport	.409	.331	1.524	1	.217	1.505	.786	2.881
Information & Communication	-.197	.523	.142	1	.707	.821	.294	2.291
Finance & Insurance	-.749	.487	2.364	1	.124	.473	.182	1.228
Business Services	.520	.377	1.902	1	.168	1.682	.803	3.521
Public Administration	.940	.325	8.346	1	.004	2.561	1.353	4.847
6-10			82.619	4	.000			
11-20	.901	.345	6.827	1	.009	2.462	1.253	4.841
21-50	1.203	.327	13.512	1	.000	3.330	1.753	6.325
51-100	2.089	.338	38.247	1	.000	8.077	4.166	15.659
100+	2.294	.346	43.886	1	.000	9.912	5.029	19.539
0% Unskilled			15.399	5	.009			
0-20%	.616	.197	9.738	1	.002	1.851	1.257	2.725
20-40%	.674	.246	7.522	1	.006	1.963	1.212	3.179
40-60%	.571	.287	3.958	1	.047	1.770	1.008	3.105
60-80%	.300	.317	.895	1	.344	1.350	.725	2.512
80-100%	.133	.264	.252	1	.615	1.142	.681	1.915
0% Skilled blue collar			7.936	5	.160			
0-20%	.036	.278	.017	1	.896	1.037	.602	1.787
20-40%	.173	.299	.335	1	.563	1.189	.662	2.135
40-60%	.372	.321	1.342	1	.247	1.450	.773	2.720
60-80%	-.260	.343	.574	1	.449	.771	.394	1.510
80-100%	-.281	.357	.617	1	.432	.755	.375	1.521
0% Skilled white collar			1.583	5	.903			
0-20%	.136	.189	.520	1	.471	1.146	.792	1.658
20-40%	.059	.250	.057	1	.812	1.061	.651	1.731
40-60%	.105	.282	.138	1	.710	1.110	.639	1.928
60-80%	-.031	.320	.010	1	.922	.969	.517	1.814
80-100%	-.193	.347	.308	1	.579	.825	.418	1.628
0% MSc. degrees			18.826	5	.002			
0-20%	-.020	.152	.017	1	.897	.981	.728	1.320
20-40%	-.895	.278	10.377	1	.001	.408	.237	.704
40-60%	-.461	.361	1.630	1	.202	.630	.310	1.280
60-80%	-1.026	.448	5.247	1	.022	.358	.149	.862
80-100%	-1.316	.518	6.459	1	.011	.268	.097	.740
51%< Covered by collective agreements	.681	.179	14.555	1	.000	1.976	1.393	2.805

Economic situation worsened			8.671	2	.013			
Improved	-.388	.162	5.743	1	.017	.679	.494	.932
Unchanged	.037	.151	.060	1	.806	1.038	.773	1.394
Primary market: National	.184	.210	.767	1	.381	1.202	.796	1.815
Primary owner: National	.664	.234	8.035	1	.005	1.943	1.227	3.075
Constant	-4.100	.640	41.094	1	.000	.017		

a. Variable(s) entered on step 1: A3_kat, A2, A1.

Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	1604.997 ^a	.215	.291

a. Estimation terminated at iteration number 5 because parameter estimates changed by less than .001.

Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	13.713	8	.090

Syntax

LOGISTIC REGRESSION VARIABLES C33.1

```

/METHOD=ENTER bragrp1 strgrp A5a_ny5kat A5b_ny5kat A5c_ny5kat A5d_ny5kat
/METHOD=ENTER A8_kat2
/METHOD=ENTER A3_kat A2 A1
/CONTRAST (bragrp1)=Indicator
/CONTRAST (strgrp)=Indicator(1)
/CONTRAST (A5a_ny5kat)=Indicator(1)
/CONTRAST (A5b_ny5kat)=Indicator(1)
/CONTRAST (A5c_ny5kat)=Indicator(1)
/CONTRAST (A5d_ny5kat)=Indicator(1)
/CONTRAST (A8_kat2)=Indicator
/CONTRAST (A3_kat)=Indicator
/CONTRAST (A2)=Indicator
/CONTRAST (A1)=Indicator
/PRINT=GOODFIT CI(95)
/CRITERIA=PIN(0.05) POUT(0.10) ITERATE(20) CUT(0.5).

```

As written in the notes to table nineteen we have conducted a separate regression where the public sector was omitted. This was done to ensure that the public sector, due to its innate differences from the private sector, distorted the regressions results. As it is evident in the regression output below this is not the case. All the sector variables remained insignificant

Table 4: VoC, Power-related and Economic variables + Nagelkerke & Hosmer & Lemeshow test (the public sector has been omitted)

		Variables in the Equation					95% C.I. for EXP(B)		
		B	S.E.	Wald	df	Sig.	Exp(B)	Lower	Upper
Step 1 ^a	Construction			12.556	7	.084			
	Agriculture	.412	.663	.385	1	.535	1.509	.411	5.538
	Industry	.129	.362	.126	1	.722	1.137	.559	2.314
	Arts & Culture	.431	.407	1.118	1	.290	1.538	.692	3.419
	Trade & Transport	.370	.335	1.221	1	.269	1.447	.751	2.789
	Information & Communication	-.192	.531	.130	1	.718	.826	.291	2.339
	Finance & Insurance	-.815	.490	2.765	1	.096	.443	.169	1.157
	Business Service	.531	.389	1.862	1	.172	1.701	.793	3.648
	6-10			34.905	4	.000			
	11-20	.846	.393	4.624	1	.032	2.330	1.078	5.039
	21-50	1.146	.376	9.261	1	.002	3.144	1.503	6.576
	51-100	1.816	.394	21.267	1	.000	6.147	2.841	13.301
	100+	1.947	.407	22.910	1	.000	7.006	3.157	15.549
	0% Unskilled			2.618	5	.759			
	0-20%	.402	.295	1.855	1	.173	1.495	.838	2.668
	20-40%	.352	.361	.948	1	.330	1.421	.700	2.883
	40-60%	.377	.396	.903	1	.342	1.457	.670	3.169
	60-80%	.235	.422	.309	1	.578	1.265	.553	2.892
	80-100%	.130	.381	.117	1	.733	1.139	.540	2.405
	0% Skilled blue collar			7.567	5	.182			
	0-20%	.201	.420	.230	1	.632	1.223	.537	2.783
	20-40%	.361	.441	.670	1	.413	1.435	.605	3.406
	40-60%	.696	.458	2.315	1	.128	2.006	.818	4.919
	60-80%	.103	.488	.044	1	.833	1.108	.426	2.884
	80-100%	-.197	.506	.152	1	.697	.821	.305	2.214
	0% Skilled white collar			3.550	5	.616			
	0-20%	.191	.222	.738	1	.390	1.210	.783	1.870
	20-40%	.007	.314	.000	1	.982	1.007	.545	1.862
	40-60%	-.472	.432	1.194	1	.275	.624	.268	1.454
	60-80%	.165	.560	.086	1	.769	1.179	.393	3.534
	80-100%	-.147	.783	.035	1	.851	.863	.186	4.004

0% MSc. degree			7.427	5	.191			
0-20%	.108	.208	.271	1	.603	1.114	.742	1.673
20-40%	-.680	.394	2.981	1	.084	.507	.234	1.096
40-60%	-.181	.482	.141	1	.708	.835	.325	2.145
60-80%	-1.210	.714	2.871	1	.090	.298	.074	1.209
80-100%	-.603	1.208	.249	1	.618	.547	.051	5.835
51%< Covered by collective agreements	.643	.193	11.144	1	.001	1.903	1.304	2.776
Economic situation: Worsened			3.073	2	.215			
Improved	-.271	.208	1.697	1	.193	.762	.507	1.147
Unchanged	.027	.215	.016	1	.898	1.028	.675	1.565
Primary market: National	.204	.236	.749	1	.387	1.226	.773	1.947
Primary owner: Natinoal	.583	.236	6.130	1	.013	1.792	1.129	2.844
Constant	-3.991	.786	25.775	1	.000	.018		

a. Variable(s) entered on step 1: A3_kat, A2, A1.

Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	976.796 ^a	.149	.212

a. Estimation terminated at iteration number 5 because parameter estimates changed by less than .001.

Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	14.042	8	.081

Syntax:

```
LOGISTIC REGRESSION VARIABLES C33.1
/METHOD=ENTER bragrp1 strgrp A5a_ny5kat A5b_ny5kat A5c_ny5kat A5d_ny5kat
/METHOD=ENTER A8_kat2
/METHOD=ENTER A3_kat A2 A1
/CONTRAST (bragrp1)=Indicator
/CONTRAST (strgrp)=Indicator(1)
/CONTRAST (A8_kat2)=Indicator
/CONTRAST (A3_kat)=Indicator
/CONTRAST (A2)=Indicator
/CONTRAST (A1)=Indicator
/CONTRAST (A5a_ny5kat)=Indicator(1)
/CONTRAST (A5b_ny5kat)=Indicator(1)
/CONTRAST (A5c_ny5kat)=Indicator(1)
/CONTRAST (A5d_ny5kat)=Indicator(1)
/PRINT=GOODFIT CI(95)
/CRITERIA=PIN(0.05) POUT(0.10) ITERATE(20) CUT(0.5).
```