

# Minimum Income and Labour Market Integration Processes: Individual and Institutional Determinants

*Rentas mínimas y procesos de inserción laboral: determinantes individuales y contextuales*

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## Key words

Minimum income programs • Social inclusion • Activation policies • Workfare • Labour market integration • Catalonia

## Palabras clave

Programas de renta mínima • Inclusión social • Políticas de activación • Workfare • Inserción laboral • Cataluña

## Abstract

This article discusses whether activation policies have had a positive effect on beneficiaries of minimum income protection in Catalonia (Spain). The article first confirms that social assistance beneficiaries with higher employability levels have greater chances of finding a job. Second, the article identifies different profiles of beneficiaries and examines the characteristics of those who did not find jobs in a favourable economic context. The results suggest that it is personal problems that act as barriers. Third, the article also examines to what extent public management is responsible for the results. For this purpose, it compares the performance of administrative units, controlling for the characteristics of their clients. Finally, the article discusses whether making social assistance dependent on activation is a good strategy for the majority of beneficiaries with particularly difficult profiles, and what administrations can do.

## Resumen

En este artículo se discute si las políticas de activación tienen un efecto positivo en los beneficiarios del programa de renta mínima de inserción en Cataluña. En primer lugar, se confirma que los beneficiarios de la asistencia social con un elevado grado de empleabilidad tienen mayores posibilidades de encontrar trabajo. En segundo lugar, el artículo identifica distintos perfiles de beneficiarios y examina las características de los que no encuentran trabajo en un contexto económico favorable. Los resultados sugieren que los problemas personales actúan como barreras al empleo. En tercer lugar, el artículo también examina hasta qué punto los resultados obtenidos son atribuibles a la gestión pública del programa. A tal fin, se comparan los resultados de las unidades de gestión, controlando por las características de sus clientes. Finalmente, el artículo discute si la vinculación de la asistencia social con las políticas de activación es una buena estrategia para la mayoría de los beneficiarios con perfiles especialmente difíciles y qué es lo que las administraciones pueden hacer al respecto.

## INTRODUCTION

The expectation that social assistance would become unnecessary has not been fulfilled in most European countries. Instead, the extent

of means-tested social assistance benefits has increased (Nelson, 2008). This has been due to the relatively high level of unemployment and the continuous transformation of family structures, which have reduced the ca-

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capacity of families to provide welfare to their members in difficulty. European social policy can be seen as the outcome of a convergence process, since there is a high degree of emulation and «soft» policy coordination (Ferrera *et al.*, 2002). In this process, two terms are at the root of what is a common normative framework: «social inclusion» and «activation». At the same time, however, there are significant differences in public efforts to finance social policies and in benefit levels across European countries. This article is based on the analysis of a minimum income protection program in Catalonia (Spain), but it aims to produce evidence in relation to research questions that are of general interest.

The first research question is whether the extension of activation policies has been positive for beneficiaries of minimum income protection in terms of labour market integration. Analysis of similar policies in other countries (Lødemel and Trickey, 2001; Torfing, 1999; Barbier, 2001; Gilbert and Van Voorhis, 2001) has found that social assistance beneficiaries with higher levels of employability had more chances of finding jobs and making the transition to formal employment. In the case of Spain, the job market for people with a low level of studies grew steadily for fourteen years, from 1993 to 2007. Jobs were created in construction, tourism, agriculture and domestic services. Therefore, it was relatively easy to make the transition to employment for people who could actually work. In this economic context, people in minimum income programs with high levels of employability should also have reduced their level of dependency on social assistance and increased their capacity to be self-sufficient.

The second research question is related to the groups of beneficiaries that did not find jobs in a favourable economic context and continued to depend on social assistance. The results show that this can be explained by personal and social conditions acting as barriers to labour market integration (Danzinger *et al.*, 2000; Ayala and Rodriguez,

2006 and 2007). The mediating role played by individual factors in the effectiveness of public intervention is an interesting issue that can be analysed by looking at the links between the socio-demographic and personal problems of social assistance recipients and their chances of finding employment.

The lack of change in their personal situation could also be explained by group and community factors, but this research will focus on the potential negligence or inefficiency of the administration dealing with their particular cases. A third question is therefore whether institutional factors could also have a mediating effect. Many factors could be taken into consideration, such as the kind of program, its comprehensive structure, the resources available or the use of partnership networks. In the case of the Catalan program, although the administrative offices in the region have similar resources and apply similar bureaucratic protocols, they differ in size, and a few of them are not public. Given the data available, one way to control the effect of the institutional factor is to control for whether administrative units with similar clients, in terms of their employability, obtain similar levels of labour market integration when the economic context for the whole region is favourable for finding low quality jobs. Moreover, it is also possible to see to what extent the size and the nature of the administrative unit (whether public or private) play a role.

The final question points to policy. The persistence of a significant number of beneficiaries in a context of economic expansion should be interpreted as an indication that, at least in the case of the Catalan program, the implementation of activation policies has not been effective, particularly for people with weak links to the labour market. The question is whether public administrations, and in particular the Catalan one, can help households overcome the barriers they are experiencing with current programs. In a context of economic expansion, administrative units can re-

duce their caseloads and hence devote more time and effort to each remaining individual; however, it is not clear that this is sufficient given the complexity of problems in some of the cases.

The article is divided into four main sections. The first section is used to present the theoretical framework and contextualise the paper within contemporary social and economic research on minimum income protection. The second section describes the particularities of Spanish policies as an example of European and Southern European minimum income policy. Having presented the policy framework, the third section justifies the value of studying the Catalan program and presents the data used. The fourth section analyses the data and presents the main findings. A final section summarizes the conclusions and policy insights.

## THEORETICAL FRAMEWORK

In the background of this research are the theories on social exclusion—and its mirror concept of social inclusion—. However, this research aims to contribute to the literature on the relation between social policy—and, more specifically, minimum income—and employment.

Beneficiaries of minimum income programs are diverse and present different levels of social exclusion. The problems experienced by beneficiaries are often complex and are the consequence of the non-realization of social rights such as the right to a certain standard of living, the right to education, to employment or to housing (Room, 1991). Compared to poverty, which is usually defined in terms of income, the concept of social exclusion has a multifaceted and dynamic nature that captures the complexity of the processes affecting people who not only live in harsh conditions but also may suffer isolation from other members of society in terms of both social networks and general

norms of behaviour (Vranken, 2001). Public policies are supposed to accompany those suffering marginalization on their «road back into society», but the journey leading to inclusion implies value changes and behavioural adaptations that make it more difficult than the opposite journey leading to exclusion.

The central question for public policy and public administrations concerns combating social exclusion and reintegrating individuals and groups. But this is a vast undertaking if it is understood in all its dimensions—employment, social networks, political participation and cultural integration—and levels—individual, group or society—(Silver, 1995). Appropriate public policies to deal with the interconnected dimension of social exclusion are very expensive and require flexible administrations. More often, public administrations work with the hypothesis that inclusion in one domain—employment—will also imply inclusion in other domains. From this perspective, social policy tends to be reductionist. Apparently, public policy is supposed to pursue very broad goals, but in practice it focuses on the redistribution of few resources with limited effects on beneficiaries (Adelantado, Noguera and Rambla, 2000), particularly with regard to access to employment.

The relation between social assistance and employment has been the object of the literature for a long time now. The concern that social assistance could favour behaviour leading to public dependency and a reduction in the intensity of the search for jobs was the justification for the turn towards «active» employment policies. Part of the literature on «active» employment policies provides evidence on the effects of the market on dependency duration. Findings suggest that the impact of the market is less decisive than it was thought to be. Some studies in the nineties (Hoynes and MacCurdy, 1994; Sandefur and Cook, 1997) observed how variations in market conditions had an impact on welfare dependency but concluded that they were less important than demographic variables

or duration in programs. However, other studies found evidence of a link between a strong economy and exit from welfare (Grogger, 2004).

Most of the studies provide evidence on the effects of socio-demographic characteristics of households, but it is less common to provide information on the personal and social problems of welfare beneficiaries (Ayala and Rodríguez, 2006, 2007). It is generally agreed that the chances of entering the labour market increase with education levels or work experience, and that certain characteristics of households, such as being a single parent with dependent children, tend to make the transition to employment more difficult. However, only some studies have looked into personal problems acting as «barriers» to employment. This kind of problem can be related to a criminal background, drug or alcohol abuse, health or mental health weaknesses. According to Danzinger *et al.* (2000) and Ayala and Rodríguez (2006, 2007), the presence of such problems explains longer periods of time spent on welfare programs and the failure to find employment.

## **FROM THEORY TO PRACTICE: EUROPEAN AND SPANISH POLICY**

During the nineties, European countries followed different paths in social assistance provision. Some northern countries like Sweden eliminated the idea of social assistance and use the term «unemployment benefits» for any person with no previous work record (Nelson, 2008). Others, mainly southern countries like Spain, complemented their social protection nets with means-tested programs in the nineties and continued to offer minimum income protection as a last resort to prevent social exclusion.

Comparative analysis of social policy in Europe tends to classify countries into different groups (Eardley, Bradshaw *et al.*, 1996; Ferrera and Rhodes, 2000; Ferrera, 2005).

Southern European countries have similar institutional and administrative structures and they have developed similar policies to complement social protection with programs that are based on targeting certain groups. From this perspective, according to various authors (Ferrera, 2005; Arriba and Pérez, 2007), minimum income programs perform a similar function within welfare provision. They were introduced to widen the system and offer protection to the unemployed of working age without unemployment protection.

The relation between work and social assistance became one of the central issues in government agendas during the nineties. The immediate effect was a tendency to make assistance conditional on participation in activities that theoretically lead to employment. The substitution of direct cash handout measures for measures designed to stimulate the return to work had been proposed by the OECD (OECD, 2004). A second defining element of social policy in the nineties was the emphasis on «social inclusion», which was expected to come about through employment. Following the European Council of Lisbon (2000), EU national governments committed themselves to developing National Plans for Social Inclusion (Ferrera *et al.*, 2002). This clearly shows that EU national governments had assumed the activation discourse and the need to address individual skills and capacities to overcome unemployment and social exclusion.

However, while there is convergence in various aspects of social policy and «Europeanization» without formal regulations (Radaelli, 2000), there are also significant differences in the financial investment and the practical arrangements made to provide poor and needy citizens with minimum income protection across countries. The level of public spending on activation policies varies substantially (OECD, 2005): countries with a universal system of unemployment protection spend more public resources on activation strategies, continental countries with a contribution system have an intermediate level

of public investment, and southern European and Anglo-Saxon countries have lower levels of spending. As a consequence, there is also substantial cross-national variation in benefit levels (Nelson, 2008). Income protection in the country with the highest level of investment is about twice that of the least generous country. In addition, in most countries, the rates of social assistance vary according to family type as well as number and ages of children. There is no uniform treatment given to one particular family type across countries.

Another source of variation is the intensity of the efforts made by public administrations in looking for jobs, working with local associations and employers or, alternatively, helping beneficiaries address personal problems, train and adapt to the changing market conditions (Hvinden, 1999; Geldof, 1999; Moreira, 2008). From this last perspective, one of the key issues is to personalize the treatment given to each individual in order to improve their chances of long-term success. As opposed to a more direct «workfare» approach, some beneficiaries need to climb the «ladder» towards self-sufficiency. This involves solving basic problems first, before developing new skills and competencies, and preparing to move into the job market. This long-term strategy requires time and intensive tutoring on the part of social services.

That is why, in practice, not all administrations implement the general ideas behind activation in the same way (Barbier, 2001). It is quite reasonable to assume that strategies requiring intensive individual attention are not realistic with high beneficiaries-to-supervisor ratios or when the public administration has not developed sufficient contacts at local level. The result in such cases is likely to be that beneficiaries remain in the minimum income programs and develop a «chronic» condition. At the same time, as indicated by Arriba and Pérez (2007), if the policy changes and «chronic» beneficiaries are penalized for not entering the job market, the immediate result

is to increase the vulnerability of a significant portion of the population in need of economic protection.

In the Spanish case, the central government manages pensions and non-contribution pensions while regional governments manage minimum income protection. Both programs are designed to guarantee minimum assistance and they are central elements in the fight against social exclusion. The two programs can be considered as the last resort of a network of social protection (Arriba and Moreno, 2005). They guarantee a similar level of income depending on family size.

Following the French *Revenu Minimum d'Insertion* (RMI) model, the general objective of the regional programs is the social integration of families with very low or no income. Like the French RMI, Spanish programs combine subsidies with social integration actions based on the signing of an integration contract between the social worker and the recipient.

The first region to start such a program was the Basque Country in 1988. More than twenty years later, there are significant regional differences in benefit levels, in the scope of the programs and in the treatment of beneficiaries. The Basque Country and Navarre offer higher benefits. In Catalonia, the object of analysis, an effort is made to adjust the measures provided to the personal situation and employability of the beneficiary.

In the case of Spain, the resources aimed at minimum income beneficiaries are much lower than in Nordic or Continental European countries. Following the French example, however, some local governments and economic and social agents have developed projects with the aim of creating employment for the beneficiaries of minimum income, at local level. Some of the beneficiaries, for example, are trained and employed in local social services for the elderly and families with dependency problems.

## THE CATALAN MINIMUM INCOME PROGRAM

The analysis uses data from a program that is now twenty years old, having been created in 1990. It has undergone few reforms and can be seen as representative of the Southern European version of minimum income protection. It is an interesting case to study the consequences of activation policies on those at risk of social exclusion, for various reasons:

First, like other similar programs in France and Spain, it provides universal coverage, differentiated benefit amounts and formal activation procedures. However, the program classifies minimum income recipients into two groups: those who are prepared to work and those who need to overcome personal problems before the administration considers them to be ready to enter the job market. This double itinerary is interesting, since it is the expression of a more direct «workfare» approach and a more indirect «personal development» approach to activation.

Second, the researchers had access to the administrative records of the whole population receiving minimum income protection in the region for three years, from 2003 to 2005 (more than 18,000 administrative records). Such a large number of observations makes it possible to observe distributions across associations and to consider generalising the findings to other regions in Spain, as well as to other countries in Southern Europe with similar institutional and administrative structures.

Third, the program is managed by the Catalan government through a network of 456 local offices. The distribution of the program throughout the region provides an opportunity to examine whether administrative effectiveness plays a role in the success of beneficiaries. Unexpectedly good results in offices covering «difficult» cases can be interpreted as a sign of better implementation. Differences in caseload size also offer an op-

portunity to check the effect of this variable on the results.

Minimum income protection in the region of Catalonia is reserved for those who are poor and have never been entitled to unemployment benefits, or have used up entitlements and are no longer eligible for other forms of income protection. Eligibility is limited by age, with an upper limit of 65 and a lower limit of 25. It applies to households that have been officially registered in the region for some time before applying to the program. Because of similar regulations, strict residence requirements and low benefits across Spain, there are no welfare migration problems.

Individual beneficiaries receive an amount of less than €400 which is supplemented with a flat amount per child and if certain obligations are complied with. Average benefits are below the official administrative poverty line, but large families can receive amounts that are close to the lower working salaries. Benefits are compatible with earnings for a certain number of months and are automatically renewed on a yearly basis with no time limit for households that continue to earn insufficient resources and comply with the obligations set. Recipients who fail to comply with the integration contract or fail to attend interviews may have their benefits suspended or cancelled. However, beneficiaries may have informal earnings or work temporarily. Administrative records include information on socio-demographic characteristics of households (age, sex, family size, education level, nationality, mobility). They also include information on the various kinds of problems recipients may have, some health-related (physical, mental, drug or alcohol abuse), others with an economic or social dimension (debt, prostitution, begging, homelessness).

The database also provides information on the measures taken by the administration. Case workers have the discretionary power to decide whether beneficiaries follow a short-

term working strategy or a longer-term treatment including social, health or educational measures. Beneficiaries who are ready to work take training courses and are supervised in their job search. Some have the opportunity to gain real work experience through an internship.

In this study cases are classified as a «success» if the recipient ceased to receive public aid due to earnings through work. They are considered a «failure» if the household continued in the program because the beneficiaries did not manage to find a job. Cases are considered «neutral» when they were closed for reasons other than work, such as reaching the age of 65, moving outside the region or having access to some other income.

## ANALYSIS

Since the analysis was limited to a single region and macroeconomic conditions did not vary across individuals, it does not include measures of the economic environment. Instead, the analysis concentrates on the effects of individual and institutional factors. Thus, it first looks at whether minimum income beneficiaries, who were considered ready to work by social workers and placed on a «labour market integration itinerary», actually succeeded and left dependency behind. Second, it analyses the characteristics and personal problems that acted as barriers to employment for the beneficiaries who continued to depend on social assistance. Third, the hypothesis that administrative efficiency could be a factor is considered by ascertaining whether administrative units have a rate of success that is explained by the complexity or the number of cases they manage. The last part of the analysis centres on beneficiary profiles and on those that tend to become chronic. The point is that, for some group profiles, conditions and obligations included in individual contracts can be oriented towards personal development. In

the same way, administrative units should be judged on the personal development progress of beneficiaries rather than on job placements when beneficiaries are not classed as ready to work.

### Brief descriptive analysis

A descriptive analysis of the cases gives a brief overview of the beneficiaries of the Catalan minimum income program. In terms of gender, women account for a large majority (around 66.7%). The data on age shows a greater presence of middle-aged individuals. Regarding family structure, a huge number (77.6%) corresponds to people living alone (43.5% without dependent children, and 34.1% with dependent children). They are mostly Spanish nationals and have low levels of formal education (only 17% reached secondary education or higher). The percentage of households of other nationalities is small except for recipients born in Northern Africa (Maghreb countries, 11.2%).

The reason for their precarious situation is often related to a labour, health or drug consumption problem. Mental health accounts for 10% of all cases. The administration applied supervision procedures to almost all cases. A large majority (71%) was subject to labour activation measures, more than half were subject to health-related measures and around 40% to social and education measures. The duration in the program is quite significant (54.4% of the active cases in 2003-2005 had been so for one to three years previously, and 43.1% for longer). Two thirds of the beneficiaries had not worked a single day during the entire period in which they received assistance.

### The determinants of success

In order to explain the «successful» cases and quantify the factors which determine success in probability terms, a model of logistic regression was used. Success was

defined —rather narrowly— as labour market integration without considering any other relevant outcome for social integration. The analysis was carried out in two steps. Firstly, it looked at the characteristics of households and individual beneficiaries (model 1). Secondly, it looked into the effects of the program (model 2). The analysis focuses on the measures taken by the administration, the time spent in the program and whether the beneficiary worked at least one day while on the program. The results of the analysis are presented in table 1<sup>1</sup>.

Preliminary exploratory analysis showed that the relation between the time spent in the program and the probability of success is not straightforward. In fact, while staying in the program a small number of years is associated with labour market integration, a long period appears as a negative factor. This does not mean it is the cause of not leaving dependency behind, but it could be used as an «alarm» signal by public administrations. The time spent in the program was broken down into three variables in order to estimate the effects of being a recipient for less than one year, between one and three years and for more than three years<sup>2</sup>.

A similar strategy was also applied to estimate the effect of the starting age. Since it was likely that the chances of labour market integration for people aged 50 or over were lower than those of younger people, the starting age was broken down into two variables to test the effect of one additional year for each one of the two groups of beneficiaries:

those aged 49 or under and those aged 50 or over<sup>3</sup>.

According to model 2 in table 1, several factors are associated with the desired outcomes of minimum income recipients passing from receiving public aid to self-dependency through work. Three of the main positive factors found are related to the basic hypothesis on dependency and employment: having spent less than a year in the program —or between one and three years—, having gained some work experience during the program, and having entered the program because of unemployment. Regarding the duration, once recipients spent more than three years, each year in minimum income is associated with lower chances of exiting with labour market integration. To interpret this result correctly, it must be taken into account that the economic environment was particularly favourable at the time and that many low-paid jobs were available to people who had previous work experience.

Other relevant factors are related to the various socio-demographic variables and the measures taken by the administration. Men have a higher probability of finding a job than women, age becomes a barrier to employment from 50 onwards and those with a higher level of education have a better chance of exiting the program. At this level, it is interesting to observe how immigrants were more associated with success than nationals. Among nationals, results were better for people who were actually claiming minimum income in a different place from where they were born. Regarding household size and location, having a family —that is, a partner and dependent children— is associated with success, whereas living in an urban populated area is not.

<sup>1</sup> Although the database contains all the active beneficiaries between 2003 and 2005, we interpret the models by using significance tests because we are interested in the possibility of inferring the results to the population of beneficiaries in other time periods or similar programs.

<sup>2</sup> The first one is a dummy variable (less than 1 year = 1); the second is the interaction of the time spent in the program with a second dummy variable (between 1 and 3 years = 1); and the third is the interaction of the time spent in the program with a third dummy variable (more than 3 years = 1).

<sup>3</sup> The first one is the interaction between the age when entering the program and a first dummy variable (age less than 50 = 1). The second one is the interaction between the age when entering the program and a second dummy variable (age equal to 50 or over = 1).



**TABLE 1.** *Probability of labour market integration. Logistic regression coefficients (active beneficiaries between 2003 and 2005)*

Characteristics of beneficiaries	Models	
	1	2
<b>Sex</b>		
Male	0.23 ***	0.14 ***
<b>Starting age</b>		
Per additional year of age from 16 to 49	—	-0.01 ***
Per additional year of age older than 49	-0.01 ***	-0.02 ***
<b>Education level</b> (reference category: primary)		
Incomplete primary or less	-0.52 ***	-0.33 ***
Secondary	0.45 ***	0.41 ***
University	0.29 ***	0.27 **
<b>Nationality</b> (reference category: Spanish)		
Maghreb	0.45 ***	0.22 ***
Sub-Saharan	1.00 ***	0.73 ***
Latin American and Caribbean	0.40 ***	0.21 *
Asian	1.16 ***	0.81 ***
Eastern-Central European	0.50 *	—
<b>Household characteristics</b>		
Having a partner	0.12 **	—
Having dependent children	0.24 ***	0.21 ***
<b>Internal mobility</b>		
Living in the same municipality where born	-0.13 ***	—
<b>Municipality size</b>		
100,000 inhabitants or more	-0.08 *	—
<b>Problems when entering the program</b>		
Social isolation	-0.50 ***	-0.43 ***
Homelessness	-0.56 ***	-0.47 **
Unemployment	0.24 ***	—
Prostitution	-0.51 **	-0.36 **
Drug dependency	-0.12 *	—
Mental health	-0.53 ***	-0.35 ***
Physical health	-0.39 ***	-0.12 *
<b>Effects of the program</b>		
<b>Actions by the program</b>		
Labour market integration		0.33 ***
Supervision		-0.21 **
<b>Time spent in the program</b>		
Less than one year		1.58 ***
Per additional year (between 1 and 3)		—
Per additional year (4 or over)		-0.15 ***
<b>Work experience during the program</b>		
Worked while in the program		2.10 ***

Constant	-0.66 ***	-0.93 ***
N	18,818	18,813
Nagelkerke R <sup>2</sup>	0.10	0.33
Percentage of success correctly predicted	65.9%	68.2%
Percentage of cases correctly predicted (Cutting value = 33%)	60.2%	74.9%

\*\*\* significant at  $\alpha = 0.001$ ; \*\* significant at  $\alpha = 0.01$ ; \* significant at  $\alpha = 0.05$ .

— Variables which were not included in the final estimation of the model for not being significant.

Secondly, the analysis includes information on health and social problems and confirms previous research on personal barriers to employment for people experiencing physical or mental health problems or having a history of social isolation, begging or prostitution. The analysis shows positive results for «labour market integration» measures and negative results for other measures not directly related to employment. This result was expected and confirms the idea that recipients with complex problems are «difficult» cases for the administration, while recipients with lesser health or social problems and more job experience are «easy» in a context of economic growth.

One way to examine the incidence of health and social problems, taking into account the relatively small number of cases, is to define the standard case. The probability of labour market integration for the beneficiaries fitting the standard case can then be calculated and the most frequent characteristics identified. In the Catalan program, the standard case corresponds to a woman, who entered the program at the age of 37, spent more than one year in the program but did not gain any actual work experience during the program. She has primary education, is not an immigrant, lives with descendents in the household, has no acute problems diagnosed and is subject to supervision, social and labour market integration measures by the administration.

According to model 2 in table 1, the standard case has a 26.1% probability of success. As the characteristics of the case change, so does this probability. For exam-

ple, other things being equal, if it were a man instead of a woman, the probability increases by 2.8 points. If, on the contrary, that woman were 50 years old instead of 37, the probability decreases by 10.3 points (see table 2). The most interesting result is, however, the 48.2 point increase in the probability of integration if the woman in question had gained work experience during her stay in the program, and the 37.1 point increase if she had stayed in the program less than one year.

These findings confirm some of the basic theories on the relation between dependency and employment. Public administrations have a limited capacity to act with regard to complex social problems, but they can consider the opportunity to offer real work experience through internships or other means to minimum income recipients not experiencing severe health or social problems. Another finding is that Sub-Saharan and Asian nationalities have a substantially bigger impact than Latin American or Maghreb nationalities, probably because they are fewer in number and have more opportunities as a social group.

## THE ROLE OF THE ADMINISTRATION

Besides personal characteristics and group profiles, individual case management should have an impact on the fate of minimum income beneficiaries. While this general point may be valid, it is difficult to examine the relation between micromanagement of each case and performance across a large number

**TABLE 2.** *Variation in the probability of integration with respect to the standard case (Based on model 2)*

Characteristics of beneficiaries	Standard case	Variation from standard case	Probability of success (in percentage points)	Variation in the probability of success from standard case (in percentage points)
<i>Sex</i>				
Male	No	Yes	28.9	+2.8
<i>Starting age</i>				
Per additional year of age from 16 to 49	37	38	25.9	-0.2
Per additional year of age older than 49		50	15.8	-10.3
<i>Education level</i>				
Incomplete primary or less	No	Yes	20.3	-5.8
Secondary	No	Yes	34.8	+8.7
University	No	Yes	31.6	+5.5
<i>Nationality</i>				
Maghreb	No	Yes	30.6	+4.5
Sub-Saharan	No	Yes	42.3	+16.2
Latin American and Caribbean	No	Yes	30.4	+4.3
Asian	No	Yes	44.3	+18.2
<i>Household characteristics</i>				
Dependent children	Yes	No	22.3	-3.8
<i>Problems when entering the program</i>				
Social isolation	No	Yes	18.7	-7.4
Homelessness	No	Yes	18.1	-8.0
Prostitution	No	Yes	19.8	-6.3
Mental health	No	Yes	19.9	-6.2
Physical health	No	Yes	23.9	-2.2
<b>Effects of the program</b>				
<i>Actions by the program</i>				
Labour market integration	Yes	No	20.3	-5.8
Supervision	Yes	No	30.4	+4.3
<i>Time spent in the program</i>				
More than one year	Yes	<1	63.2	+37.1
Per additional year (4 or over)		10	7.3	-18.8
<i>Work experience during the program</i>				
Worked while in the program	No	Yes	74.3	+48.2
<b>Probability of success of the standard case</b>	<b>26.1</b>			

of cases. Defining «quality» management for this specific program is complex and subject to intense debate among sector professionals. It is possible, however, to examine the extent to which basic administrative units

achieve success levels—in terms of employment—which deviate from what would be expected according to the characteristics of the population they serve. The distribution of minimum income recipients is not homo-

geneous across the region. The personal characteristics of recipients differ across the various provinces, each of which is under the responsibility of a different administrative unit.

A first characteristic of local administrative units is that some manage a small caseload while a few manage larger ones. Is this heterogeneity in the size of the administrative units important? A priori, one might think that in an urban environment, with a large caseload, it is unlikely to find a high degree of personal rapport between professionals and beneficiaries. In such a situation, it should be difficult to personalize integration strategies for each individual case. Nevertheless, it is also possible that large administrative units have more experience and, therefore, a greater capacity to apply adequate measures to recipients.

A second characteristic of the local administrative unit is its public or private nature. Ninety percent of the local units are municipal social services while the rest are non-profit organisations such as associations and social foundations. Are the results of non-profit organisations better than those of the municipal services? In order to test whether the characteristics of the unit in charge of the program have an impact on the success of the beneficiaries, a regression model was estimated in which the percentage of labour market integration for each unit depends on its caseload and on its nature (public or private). For this purpose, the expected probability of success on the basis of model 2 in table 1 was introduced as a control variable. Since the probabilities of being successful are lower in areas where there is a concentration of population with specific social or health problems, by introducing the expected probability of success it was possible to control for the level of difficulty of each area.

Obviously, there are unit characteristics other than size that can have an impact on the percentage of success they achieve.

Management quality is related to the number of professionals working in the units, their experience and organisation. Unfortunately, there was no information available on the way offices work. Nevertheless, whether there is a «caseload effect» or a «public/private nature effect» could be of interest to policy makers and central managers responsible for implementing minimum income policy programs.

The analysis in this section is based on the 456 administrative units managing the program. The dependent variable is the percentage of cases that left the program as a result of labour market integration. The independent variables are the number of cases managed by each local unit and a dummy variable that equals one if the unit belongs to a municipal administration. In addition, the mean of the predicted probability of success for all beneficiaries was calculated for each unit, using model 2 of table 1 as a control variable. Caseloads range from 1 to 280. The results of the estimation of the OLS regression model using all units are shown in the first column of table 3.

The model is significant and explains 34% of the total variance in administrative unit success. The first finding is that the caseload negatively affects the administrative units' performance, although the effect is rather slight<sup>4</sup>. The second finding is that the non-profit organisations' units have higher percentages of success (an average of eight per cent more) than the units belonging to a public administration. The model performs quite well according to the model diagnosis, but there were a number of cases which could introduce bias in the estimated coefficients, since they were administrative units dealing with one case<sup>5</sup>. Since it was sensible

<sup>4</sup> One hundred more cases reduces the expected percentage of success by 4 points.

<sup>5</sup> In size one administrative units, the success percentages vary radically from 0 to 100 with only one change in the labour market integration of one individual.

**TABLE 3.** *Effect of size and public/private nature of local units on their performance. Dependent variable: percentage of labour market integration (OLS regression coefficients)*

	All administrative units (1 to 280 cases)	Administrative units with more than 1 case
Number of beneficiaries attended (size of the unit)	-0.03 *	-0.03 **
The local unit belongs to a public administration	-7.81 **	-6.64 ***
Predicted percentage of labour market integrationinsertion (calculated from model 2 in table 1)	1.20 ***	1.31 ***
Constant	4.06	-0.61 *
N	456	441
Adjusted R <sup>2</sup>	0.36	0.43

\*\*\* significant at  $\alpha = 0.001$ ; \*\* significant at  $\alpha = 0.01$ ; \* significant at  $\alpha = 0.05$ .

to exclude those cases from the analysis, the second column of Table 3 presents the estimation of the same model excluding the administrative units with only one case. The quality of the model improves and the coefficient, significance and sign of the variables (size and nature) are maintained, showing the robustness of the results.

## SUCCESSFUL AND UNSUCCESSFUL PROFILES

Personal characteristics and initial characteristics have an impact on the two factors that are most closely related to success: duration in the program and gaining work experience while in the program. For this reason, this section addresses whether some characteristics tend to occur simultaneously in order to see whether it is possible to identify basic groups of recipients. Through cluster analysis it is possible to classify individual cases into a number of groups according to their most characteristic trait. The resulting profiles are useful to have a more precise idea of the degree of heterogeneity in the caseload, the different level of each group's association with success and the difficulty of managing various groups for the social services.

The analysis shows that there are two majority groups that account for more than

60% of the cases: women with low levels of studies and single women with employability problems. Another two groups account for 15.4% of the cases (recipients whose main trait is poor physical health) and 10% of the cases (recipients originally from North African countries). Six smaller groups represent, altogether, over 10% of the cases. Among these groups there are immigrants (from Latin America, Sub-Saharan countries and Asia) and Spanish nationals (older people living alone in larger towns identified as «chronics»; young adults with a low level of studies identified as «casuals»; and university graduates with employment problems). Table 4 presents the ten profiles ranked according to the percentage of success in labour market integration insertion.

Looking at the relation between profiles and labour market integration, some groups clearly achieve better results than others. Three of the smaller groups are the least «difficult» for the administration, since they exit the program quickly after finding jobs in a favourable economic environment. They are young claimants with low levels of education, those from Asia and those from Sub-Saharan Africa. On the other hand, the two main groups of women, the «chronics» and the «poor physical health» group, had placement levels of between 38 and 24 per cent in a context of economic expan-

**TABLE 4.** Profiles of beneficiaries according to success in labour market integration

Profile	Main characteristic	% Success	% Cases
1	«Casuals» (young adults with a low level of studies)	62.7	2.0
2	Asian	56.8	0.5
3	Sub-Saharan	55.1	1.4
4	Latin American	45.4	3.7
5	University graduates with labour problems	44.8	1.5
6	Maghrebian	40.3	10.1
7	Women alone with labour problems	38.7	29.3
8	Women with no studies	25.9	32.4
9	«Chronics» (older people living alone)	25.0	3.7
10	Poor physical health	24.5	15.4

sion. The results may give some insights to policy makers and managers of similar programs, since they confirm that a majority of beneficiaries have personal characteristics which make them less likely to be immediately successful in labour market integration terms.

## CONCLUSIONS

Minimum income programs have a majority of beneficiaries who can be considered complex cases for various reasons. In the Catalan case, most of the households receiving this type of «last resort» social assistance protection could not be activated by the administration at a time of economic expansion. This is because either beneficiaries were facing personal barriers or the actual implementation of the activation policy was not sufficiently effective.

This poses the question of whether the policy discourse is adequate for a significant portion of the caseload given the administration's resources and ability. As mentioned earlier, the Catalan program separates minimum income recipients into two groups: those who are more «ready to work» and those who need to solve personal problems before the administration considers they can enter the job market. This double itinerary makes the Catalan case interesting, since it

is the expression of a flexible response to individual characteristics.

According to the analysis, the first group is vulnerable to job instability given that the quality of the jobs they can find is low, but nevertheless, they can be activated in a context of economic expansion. The analysis has shown that the critical factors for public administrations managing unemployed people receiving minimum income support are: a) the time spent in the program, and, b) the possibility of gaining real work experience during their stay in the program. The time limit for being able to exit the program successfully is around 3 years.

The second group is much more numerous, heterogeneous and difficult to manage. In the Catalan case, the beneficiaries who find it more difficult to leave the program add up to 77% of the cases. Our analysis confirms prior research on personal barriers to employment and identifies the following characteristics as being important barriers: homelessness, social isolation, prostitution, having mental health limitations or poor physical health. Migrants cannot be considered «difficult» cases in the Catalan region according to our analysis; nevertheless, there are differences among immigrant recipients, North Africans and Latin Americans being least likely to successfully exit the program and find jobs.

Dividing the beneficiaries into ten cluster groups made it possible to take into account the variance between caseloads and to adjust the measure of success to the characteristics of each group. The analysis confirms that some profiles have complex problems that require intensity in the treatment and a long-term approach. Public administrations having been familiarized with the «personal development itinerary» idea, it may now be necessary to introduce incentives for administrative units to better adjust their intervention to the varying characteristics of individual cases.

According to the analysis, the size of the caseload has an effect —albeit slight— on the performance of administrative units. In practical terms, however, reducing the caseload of administrative units so that they can devote more time to each individual case may not be the solution. It seems that the «private» or «third sector» nature of the local units has a bigger effect than their size. Working with non-profit associations and social foundations could be a way to improve performance. Therefore, it is worth increasing the number of this kind of administrative unit, which was very small when this analysis was carried out.

It would not be correct to conclude that activation policies are inappropriate for a majority of cases which can be considered complex in terms of social inclusion. The study shows that Catalan schemes were not appropriate for facilitating the labour market integration of a significant proportion of beneficiaries at a time of economic expansion. However, administrative units could have been more effective if they had been capable of working more intensively with local governments and non-profit associations to offer a wider variety of responses, including voluntary or real work experience prior to labour market integration in order to achieve a better fit to the profile of the various groups of beneficiaries.

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