



## EN RLMM Anthology 2017

### THE IMPORTANCE OF GOVERNANCE IN REGIONAL LABOUR MARKET MONITORING FOR EVIDENCE-BASED POLICY-MAKING

*Each year the ENRLMM publishes an Anthology of papers. The topic for the next call is “The Importance of Governance in Regional Labour Market Monitoring for Evidence-based Policy-making” and we are now looking for new contributions from labour market researchers and practitioners. This topic will also be the title for a conference to be held on 5 and 6 October 2017 in Tirana, Albania where a number of papers will be presented. Within this document, you will find further details regarding the topic, the reason for its selection and background of the event in Albania.*

#### 1. Point of departure

Information on regional and local labour markets is an essential precondition for evidence-based policy decisions. In Europe there are over 560 regional and local labour market observatories (RLMO), which provide reliable and targeted information of the current and future developments of the labour markets in their region or locality. By making this information available to policy-makers, it finds its way into the processes of decision-making, strategy development, policy-making and policy implementation by various actors on the regional and local level (Dean et al. 2015, Martini et al. 2016).

Since several years, the members of the European Network on Regional Labour Market Monitoring (EN RLMM) have been discussing how to address political decision-makers more effectively. Supply-oriented information provided on websites or disseminated through printed reports often does not reach the desired impact, thus demonstrating the limits of the information function of the monitoring approach. We assume that the more demand-oriented information is, the more easily it can be incorporated into the regional or local policy context and can form the basis of adequate interpretation and decision-making processes. This demonstrates the impact that can be reached by applying the communication and decision-making functions of the monitoring approach (Larsen et al. 2013). The configuration of these processes depends to a large extent on regional and local (and sometimes national) conditions.

From an analytical perspective, the decision-making structures and processes constitute elements of governance. However, so far the members of the EN RLMM have not discussed properly which modes of governing in the provision and use of labour market information are particularly functional for evidence-based labour market politics. Also the issue of most suitable formats for presenting the infor-



mation needs to be re-addressed. Therefore, it would be important to start such a conceptually oriented reflection of (successful) strategies on the regional and local level in order to understand better why certain regional/local strategies work well and others do not. First and foremost, these insights could help the observatories to enhance their own strategies. Moreover, other data providers who aim to close the gap between their data and the political process could profit from this work as well.

To begin with, a short theoretical outline of governance issues to be discussed in the context of labour market monitoring is presented (Section 2) and a model for evaluating successful governance is introduced (Section 3). It is followed by a suggestion how to apply this framework for analysing the examples from the field of regional/local labour market monitoring (Section 4).

## 2. The concept and different modes of governance

Governance has been defined as the “directing, guiding or regulating individuals, organizations, or nations in conduct or actions” (Lynn 2010: 67). Therefore, the study of governance is concerned with the structure of decision-making and policy implementation in a distinct system (Greer et al. 2016a: 3). Over the past years, several typologies of governance forms have been developed, exploring the rationalities, most common mechanisms of control and the focus of policy development characteristic for every form. Based on the approach of Considine and Lewis (2003), we adopt a threefold typology of governance forms:

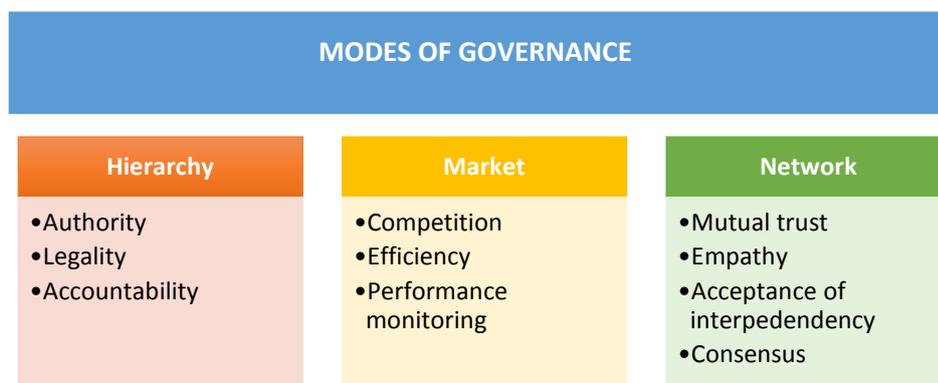
- **Hierarchy**<sup>1</sup>: the government designs and implements policies on the basis of a system of fixed rules and statutes, which are applied by bureaucratic organisations. This renders the legislation the primary source of rationality, which is applied in a centralised and top-down manner.
- **Market**: the role of the government is seen as steering on the basis of competition and performance-based rewards. Here, the private sector is commonly assigned a major role.
- **Network**: the government negotiates and brokers interests between different actors whilst sharing the leadership internally and externally within collaborative structures of joint action, co-production or co-operation. This allows stakeholders to be involved in the development and implementation of policies or programmes.

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<sup>1</sup> It combines the procedural governance model based on hierarchy and the corporate form of governance applying business-type managerial models.



Graph 1: The operating logics of different modes of governance



Source: own elaboration on the basis of Meuleman (2008).

Since these governance models are dynamic and subject to fashions and changes, they rarely exist as ideal types in their pure forms. Rather, various combinations of these three modes have been applied over the course of time (Meuleman 2008, Saltman et al. 2011, Tuohy 2012). Furthermore, the various forms are shaped by social and cultural as well as institutional practices, which also constitute essential elements of governing (Newman 2005). In sum, a general trend of power moving away from the macro-level of government towards the meso-level of organisations and various groups of stakeholders can be observed (Kuhlmann et al. 2016).

### 3. The dimensions of successful governance

Over the past years, the governance scholars have been attempting to define criteria for successful governance structures and processes in different fields (e.g. education, health care). The literature review carried out by Greer et al. (2016a) demonstrated that governance has five major dimensions constituting the “TAPIC framework” for evaluating its success:

- **Transparency:** Who knows how much about the decision-making process and the underlying reasons for actions? **(T)**
- **Accountability:** Who can demand an explanation and sanction an action? **(A)**
- **Participation:** In how far can those affected by the decisions participate in the decision-making processes? **(P)**
- **Integrity:** Are processes organised in a non-corrupt and institutionalised manner? **(I)**
- **Capacity:** Does expertise on policy formulation, implementation and evaluation exist? **(C)**

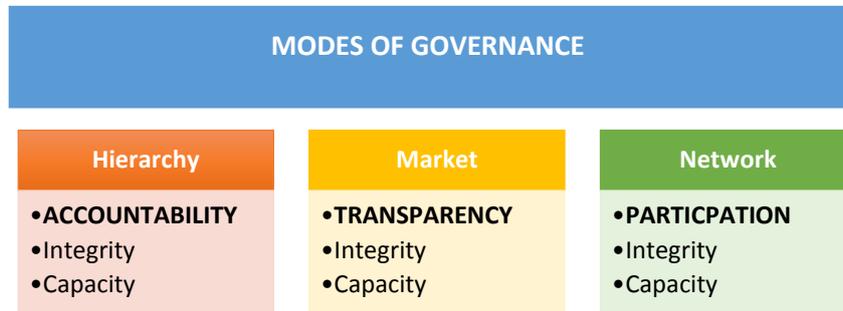
The TAPIC framework aims to “identify components of governance and then go beyond it to identify the sources of actual or potential problems” (Greer et al. 2016b: 106). By applying TAPIC, it can be determined whether the essential preconditions for the functioning of a given mode of governance are given when analysing different policy fields relevant to skills provision and utilisation.

However, the analysis needs to consider in which context the evaluated governance processes take place. We contend that in every ideal-typical governance form – hierarchy, market and network – the



different dimensions unfold in a different manner as a result of the basic rationality of the governance mode (Graph 2).

**Graph 2: The dominant TAPIC dimensions in the three modes of governance**



Source: own elaboration based on Greer et al. 2016a.

Whilst the hierarchical mode displays a clear dominance of accountability (reliance on clearly defined rules, procedures and responsibilities of actors), the market mode depends strongly on the existence of transparency for market-based competition. Similarly, for network-oriented governance different participation opportunities for stakeholders have to be created. In order for the processes to be successful, the dimensions of integrity (the existence of non-corrupt institutions) and capacity (informed stakeholders) are considered crucial.

#### 4. Annual topic 2017

The concept of governance, which first emerged in the field of social policy and public administration research, has recently received attention also in the area of labour market and education research – mainly because it provides a useful framework for systematically matching data and knowledge to decision-making, policy and implementation. As it is very well suited to further our insights into policy-making in the field of regional and local labour market monitoring, the focus of the EN RLMM annual topic will be on:

- Analysing the role of governance in bridging the gap between labour market data and evidence-based political decision-making,
- Exploring the use of different modes of governance involved in the integration of labour market data and knowledge in policy-making processes and the dissemination of the results.

Of special interest is the role of RLMO in these processes and structures.

As a framework for collecting the multi-layered experiences of the members of the EN RLMM with the structures and processes described above, we suggest using a grid. The grid should be applied by as many observatories as possible and the results of every case study are to be documented. By closer analysis of selected case studies and a meta-level analysis of all case studies we seek to find answers to the following questions:

- Which modes of governance and which combinations of modes are functional in regional labour market monitoring for evidence-based policy-making?



- Which “quality criteria” do the modes of governance need to be functional?
- How do national, regional and local framework and institutional conditions affect the functionality of the modes of governance and their configuration?

The grid for the analysis (Graph 3) contains two central dimensions: the three different modes of governance presented in Section 2 (Hierarchy, Market and Network) as well as possible combinations. The configuration of the modes, which is relevant for their functionality, is determined on the basis of quality criteria defined by the TAPIC framework introduced in Section 3 (Transparency, Accountability, Participation, Integrity and Capacity).

**Graph 3: Grid for analysing the functionality of governance in labour market monitoring**

Mode	Quality Criteria				
	Transparency	Accountability	Participation	Integrity	Capacity
Hierarchy (H)					
Market (M)					
Network (N)					
H+N+M					
H+M					
H+N					
M+N					

Source: own elaboration based on Meuleman, 2008 and Greer et al., 2016a.

For the EN RLMM Anthology 2017, we are expecting examples from various European regions analysing the governance of the provision and evaluation of labour-market related data and information by applying the concept of the three ideal-typical governance modes and examining the manifestation of the TAPIC dimensions in each particular case. Furthermore, we are looking for analyses of the context factors in specific regional/local settings, which explain the functioning of particular governance arrangements.

If you would like to submit an article, please send the Network Manager Sigrid Rand the preliminary title of the contribution and a short abstract by **1 February 2017**. Shortly after the selection of abstracts, a Skype call will be organised where the format of the expected contributions will be discussed in more detail. The articles should be submitted latest by **15 May 2017**. If you have any further questions, please contact Sigrid Rand: [s.rand@em.uni-frankfurt.de](mailto:s.rand@em.uni-frankfurt.de).



## Background literature

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