

## CHAPTER 8

# Metagovernance in the social investment state: Lessons from the German case

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## ABSTRACT

*In the last two decades, the emergence of a new social policy paradigm – the social investment state – has been widely discussed. This paradigm shift in social policy is also interesting from a public administration perspective since the new paradigm is characterized by a strong interest in the operational dimension of welfare state policy. In this respect, local networks with cross-sectoral coordination are considered crucial to achieve social cohesion. The “rules of the game” for local networks, however, are often defined by higher state levels. Studying the vertical-horizontal intersection of social investment policies is particularly interesting for administrative systems that are characterised by a strong emphasis on vertical lines. Germany is a case in point. Thus, we have investigated 48 SI projects in 16 German states. Analytically, we have drawn on the metagovernance approach and examined how higher state levels encourage and facilitate local networks. Empirically, we use data from expert interviews and policy document analysis. We can show that German state ministries use tools of metagovernance intensely and interpret this as a sign of policy learning to overcome typical problems of network governance, such as weak links, structural holes, or lack of legitimacy. Nevertheless, our results also reveal the limitations of the recent policy approach. So far, the tools of metagovernance have not been used in a strategic way. Critically reflecting the role of metagovernance is thus the next step in making the social investment state sustainable.*

*Keywords: metagovernance, governance, (horizontal/vertical) coordination, integration, (local) network, problems of network governance/network failure, social policy/social services, social investment state, (social) innovation, Germany.*

## INTRODUCTION

During the last two decades, we have observed the emergence of a new social policy paradigm, namely the social investment state. Instead of “repairing” damage after incidents of economic or personal crises, social policy should prepare individuals, families, and societies to cope with social crises and to respond actively to the recent challenges of pluralist and individualist societies with their knowledge-based and competitive economies (Busemeyer et al., 2018; Hemerijck, 2018). This paradigm shift in social policy is also interesting from a public administration perspective since the turn towards a social investment state concerns not only the content of social policy but also its operational

dimension (Andersson, 2020). It is increasingly acknowledged that the silo structure of the Weberian public administration, with its highly specialized administrative units and work-sharing procedures, hinders effective social policy solutions. Instead, unemployment, inclusion, integration, poverty, and care are cross-cutting “wicked” problems that require multiorganisational arrangements in which actors work together to solve problems that cannot be solved by single actors (Agranoff & McGuire, 2003, p. 4). As a result, horizontal coordination across the different fields of social policy and the establishment of networks have gained in importance.

Furthermore, with the rise of the social investment paradigm, the local level of the welfare state has taken centre stage again since knowledge of operational issues is held at the local level (Zimmerman et al., 2016). Local communities (neighbourhoods, districts, cities, etc.) are the social spaces where resources and constraints can be mobilized to achieve social cohesion. However, while the local level is decisive for the provision of social services, the higher state levels remain the main rule setter in the welfare state. To avoid the creation of new cross-territorial disparities, greater social inequality, and fragmented solidarities, regulations regarding funding, (re)distribution, and access to social services are still made at the national and/or the state level. By changing the legal requirements, providing financial incentives, or priming the idea of social investment in the political debate, governments at the state or national level can support the establishment of networks at the local level and promote horizontal coordination. Hence, to understand fully the horizontal arrangements of social service delivery at the local level, we also have to take the vertical dimension into consideration.

While there is a growing strand of literature mapping local social service networks and discussing the hindering and facilitating aspects of horizontal coordination, less discussion has focused on the vertical-horizontal intersection of social investment policies. Generally, the questions of how cooperative arrangements are organised vertically and how they are linked to higher levels of administrative and political leadership have been neglected in the literature (Jacobsen & Kiland, 2017, p. 54). This chapter aims to address this dimension of research on social investment policies. It is guided by the following questions. (1) Why are joined-up policies stimulated at the local level – which problems should be solved through metagovernance? (2) How is cooperation at the local level strengthened – which tools and instruments of metagovernance are adopted? (3) What similarities and differences in the metagovernance arrangements can we observe across the different fields of activity of social investment policy?

To answer these questions, the chapter brings together two strands of literature: the literature on the social investment state and the literature on metagov-

ernance. The social investment literature (Busemeyer et al., 2018; Hemerijck, 2015), while being strong in conceptualizing paradigm shifts through changing ideas and changing policy instruments, has lacked sensitivity to the administrative dimension of social investment policies. The literature on metagovernance (Kooiman & Jentoft, 2009; Sørensen & Torfing, 2017) has again been concerned – among other topics – with the central steering of local networks but has had no particular interest in the social investment state. By combining the bodies of literature, the chapter aims to make both an empirical and an analytical contribution; it studies the variety of social investment governance arrangements and develops a framework to research the operational dimension of social investment policies.

The chapter is structured as follows. The next section provides an overview of the recent paradigm shifts in social policy and public administration that contributed to the increased awareness of the importance of cross-sectoral and horizontal coordination for policy outcomes. Section three introduces the literature on metagovernance, which we use as an analytical framework to study the implementation arrangements of social investment policies. Section four describes our research design; the empirical data in this chapter were taken from a case study on the German welfare state. In Sections five and six, our empirical results are described and discussed. We show that state ministries do indeed use tools of metagovernance in a deliberate way. The range of metagovernance tools adopted and their intensity, however, vary widely. Moreover, attempts to shape local networks by means of metagovernance remain limited to a small number of policy fields. Our work leads us to conclude that collaborative network governance in social investment projects requires not only policy learning at the local level but also learning at the upper level of state ministries: metagovernors – politicians and public servants at the state level – need to improve their metagovernance skills to ensure local social investment projects' success.

## **TOWARDS COLLABORATIVE NETWORK GOVERNANCE – PARADIGM SHIFTS IN SOCIAL POLICY AND PUBLIC ADMINISTRATION**

To make welfare states in Western democracies resilient to the pressures arising from globalization, deindustrialization, and new social risks, a new paradigm arose in the 2000s: the social investment state (Busemeyer et al., 2018). The social investment paradigm departs from the early reform reactions inspired by the idea of a liberal or even a minimal state, acknowledges the public responsibility for social security, and considers social policy as a productive factor (Hemerijck, 2015, p. 242).

Interestingly, the social investment paradigm identifies one major reason for the persistence of complex social problems in the structures of the welfare state itself. As a result of both the stepwise development of the welfare state over time and the idea that high specialization is beneficial for efficient and effective service delivery, the welfare is subdivided into different fields – health, unemployment, youth, care, and so on – with an accompanying set of specialized organisations. Not only political and administrative power but also resource allocation, information and communication, performance management, and quality control are exercised through this framework of sectoral organisational units.

However, societal problems can seldom be compartmentalized along sectoral lines since they are cross-cutting (Plavgo & Hemerijck, 2020). Unemployed people, for example, often lack not only a job but also psychological treatment or drug advice. The acknowledgement of the cross-cutting nature of social problems is a cornerstone of the social investment paradigm. The evolution of the new paradigm was accompanied by an intense debate on the overall institutional architecture of the welfare state. The downsides of a sectoralised welfare state are increasingly subject to discussion: sectoral organisation is no longer perceived positively as a specialisation but as “pillarisation” or “siloesation”, hampering the necessary exchange of resources and information. Indeed, how one draws the departmental borderlines significantly affects which policies are actually coordinated systematically and which are shielded from external influences (Egeberg & Trondal, 2018). Accordingly, much effort is being made to surmount departmentalism, to integrate services, and to create networks to offer seamless services to recipients.

While coordination has gained importance in social policy only recently, it has been a longstanding concern of public administration research. As in welfare state administration, specialization in the core parts of public administration has been considered to be a successful solution to manage state activities for most of the 20th century. Even though the “administrative diseases” (Hood, 1974) caused by a lack of coordination had already been described rather early on, policy learning has been slow and at first, even took the reverse direction. The New Public Management reform wave in the late 1980s even increased the fragmentation by introducing competition, creating single purpose agencies using outside contracting. These measures, while being thought to improve the efficiency of service delivery, increased transaction costs in the public sector and made the need for coordination even more pressing. However, it was not until the 2000s that a new reform paradigm occurred – New Public Governance (NPG). Similar to the paradigm shift in social policy, we can observe a new emphasis on horizontal integration and network governance in the public

sector. Single purpose agencies were reorganised into multipurpose or one-stop shops, and horizontal collaboration (in networks, teams, or projects) was highly encouraged.

## ANALYTICAL FRAMEWORK: METAGOVERNANCE

Collaborative governance within and across sectors, while urgently needed, is hard to achieve (Jennings & Krane, 1994). The barriers to effective collaboration might have different causes. From inside, collaborative network settings are often contested because network members have different professional or cultural backgrounds, creating tensions and hampering the effective exchange of resources. From outside, partisan politics or lacking public support might create legitimacy challenges, for example (Sørensen & Torfing, 2017, pp. 829–830).

There is an intense debate about how and to what extent the higher levels in governments can stimulate joined up policies at a lower level. Recent research has indicated that top-down mechanisms, like mandated collaboration, are not appropriate for finding innovative solutions that “overcome [policy execution problems] through the mobilization of the knowledge, ideas, entrepreneurship of the public employees and other relevant stakeholders [...]” (Sørensen & Boch Waldorff, 2014, p. 3).

How can public servants design arrangements that encourage collaboration in networks and at the same time tackle the typical problems of this governance mode? This is where metagovernance comes into play. Metagovernance, often referred to as the “governance of governance” (Kooiman & Jentoft, 2009, p. 819), “aims to improve the functioning and capacity of relatively self-governing networks to produce governance solutions that enhance the production of public value” (Sørensen & Torfing, 2017, p. 829). Thereby, the government, other parts of the state apparatus, or even private actors are involved in the facilitation and steering of new forms of governance.

The literature has described different tools and instruments of metagovernance, such as political, discursive, and financial framing, network facilitation, and institutional design, in particular with respect to the vertical and horizontal specializations of reform organisations or the setup of organisational linkages and bridges and network participation (Egeberg & Trondal, 2018). Metagovernance approaches can also be differentiated according to their intensity of intervention. “Hands-off” modes of metagovernance abstain from direct intervention, while we talk about “hands-on” modes of metagovernance when metagovernors directly interfere in local arrangements. Based on both the literature and our empirical findings, we propose the following categorization of metagovernance tools:

- Legal and financial framework means the design of the political, legal, and/or financial framework and appears in the form of incentives (financing/personnel/information/knowledge) and hierarchy (mandatory legal requirements).
- (Discursive) framing stands for the provision of a clearly identifiable, positive narrative or a uniting strategic approach. Being rooted in a social constructivist view, this tool strives to create meaning and identity among the self-governing actors. Instead of implementing several disconnected projects, a government can set up an umbrella programme, for example.
- Facilitation belongs to the hands-on metagovernance tools. Metagovernance requires organisational capacity (Egeberg & Trondal, 2018). Facilitation can be achieved by supporting self-organising networks through, for example, rather formalized meta-organisations, with their own resources, employees, and management (Zyzak & Jacobsen, 2020), service units at the local level, the recruitment of permanent staff earmarked for reforms, or the collection, composition, and circulation of best practice examples. For a project to be classified into this category, a concrete description of the transfer of practice or qualification goals and so on is necessary (mere indications of support are not sufficient).
- Institutional design, another hands-on metagovernance tool, is more straightforward, prescribing the procedures, actors, and locus of the local networks.
- Finally, metagovernors still have the most interventionist instrument at their disposal – their own participation in steering bodies. Who the representatives in steering bodies are and who they represent arguably constitute the most important design dimension. The more a cooperation steering body consists of actors from higher political or administrative levels, the more vertically integrated the cooperation will be (Jacobsen & Kiland, 2017, p. 54). Nevertheless, to fit into the autonomous and non-hierarchical structures at the local level, metagovernors need to give up any authoritative position.

Recent empirical research on metagovernance, while remaining strong in analysing the mechanisms of metagovernance and in understanding how metagovernance can hinder or facilitate innovation processes (Ansell & Torfing, 2014), has lacked a comparative perspective. Single case studies, which cannot offer an understanding of the similarities and differences across different metagovernance arrangements, have prevailed. This chapter aims to fill this gap by comparing metagovernance arrangements for innovative SI projects in the 16 German states. To understand the varieties of SI arrangements, we suggest adopting an institutional perspective. Our initial assumption is that

it is crucial to understand which pillar of the welfare state initiates innovative social investment projects. Each pillar of the welfare state (unemployment, youth, health, care, etc.) constitutes its own policy field with an accompanying set of institutions, issues, and ideas. These features of the pillars of the welfare state shape the metagovernance arrangements.

## METHODS AND CASE DESCRIPTION

To understand the varieties of metagovernance arrangements, this chapter compares the metagovernance approaches adopted in different social investment programmes in the 16 German states. Germany is an interesting case for studying vertical initiatives to stimulate horizontal coordination at the local level. The German administrative system is characterized by very strong emphasis on vertical lines: ministries are organised along the departmental principle “according to which departmental ministers independently perform the affairs of their ministries and policy domains (in the framework of the general policy guidelines)” (Hustedt, 2014, p. 154). As a result, the coordination efforts across ministries are modest and strive only to prevent conflicts with other ministries. Thus, while being a highly developed and mature welfare state, Germany struggles to cope with wicked, cross-cutting issues in an effective way. State ministries metagoverning local networks can be interpreted as a sign of policy learning: ministries acknowledge the limits and downsides of the departmental principle, which provides specialized solutions but only for particular segments of a problem structure.

As a research unit, we selected social investment projects, that is, initiatives with a predefined duration and allocated resources and responsibilities. The case selection was based on a bottom-up approach: public officials responsible for social investment projects were asked in expert interviews to select innovative examples. Following Heiskala (2007, p. 74), a structural and power perspective was adopted to operationalize social innovations. Social innovations are thus “changes in the cultural, normative or regulative structures of the society which enhance its collective power resources and improve its economic and social performance”. This understanding of social innovation implies a contextual understanding of “newness”. A particular social phenomenon derives its novel nature from the institutional context in which it takes place (Agger & Sørensen, 2018). This means that a particular phenomenon can be a revival of an “old” practice in a different, contemporary context or the transfer of an established practice to another (spatial and/or institutional) context.

Our sample encompasses 48 projects, and data were collected for the time frame 2017–2018. To study the metagovernance approaches of these projects, we



operationalised both the horizontal and the vertical dimension of coordination. To measure the horizontally integrative capacity of social investment projects, first we counted how many different policy fields (i.e., local level activity fields that are processed by different institutional actors) are included in a project. Our integration score differentiates between three different degrees:

- Projects following a sectoral logic (no horizontal coordination is intended (1 point))
- Projects following a simple understanding of horizontal coordination (two local policy fields are included (3 points))
- Projects following an ambitious understanding of horizontal coordination (three or more local policy fields are included (5 points))

Second, we determined whether actors at the state level adopted a hands-off or a hands-on approach, operationalized through the tools described above and instruments of metagovernance. Our intervention score acknowledges that the intensity of metagovernance depends on both the number and the type of metagovernance instruments and was measured as follows:

- Legal and financial framework (1 point)
- (Discursive) framing (2 points)
- Facilitation (3 points)
- Institutional design (4 points)
- Participation (5 points)

Figures 8.1 and 8.2 depict our analytical framework. Figure 8.1 indicates, on the y-axis, how many policy fields are included in the project; the x-axis shows which tools and instruments of metagovernance are adopted to stimulate cooperation at the local level. Figure 8.2 uses a similar scale on the y-axis, while the x-axis now displays the intervention score, reflecting the dependence of the intensity of metagovernance not only on the number of instruments adopted but also on the type of instruments. Hands-off instruments, like legal frameworks or discursive framing, have a less interventionist character than direct participation. Figure 8.2 illustrates this, taking the project “No graduation without follow-up perspective” (“Kein Abschluss ohne Anschluss”) as an example. Note that the intervention score scale has been transformed into a five-point scale after calculation to allow comparability with the integration score.

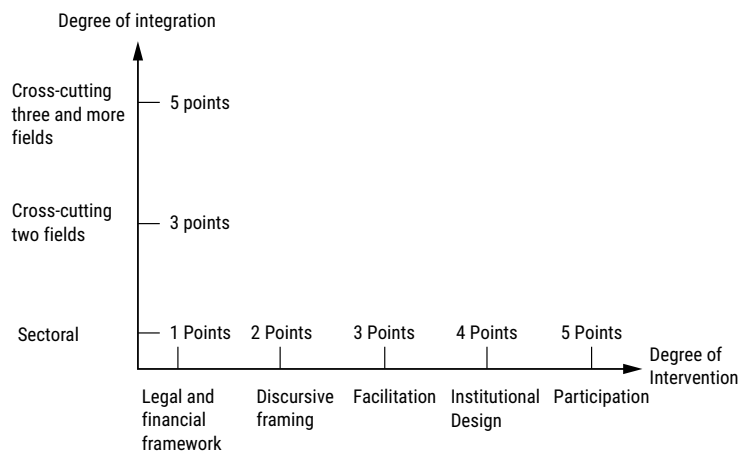


FIGURE 8.1: SI arrangements: fields & instruments. Source: Own production

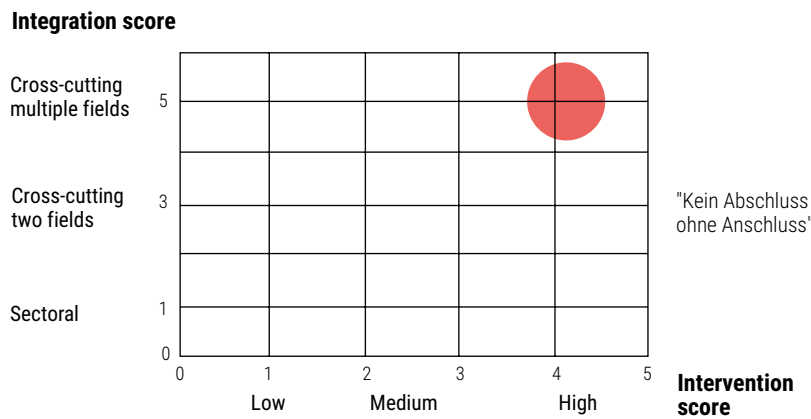


FIGURE 8.2: SI arrangements: degree of integration and intervention. Source: Own production

“Kein Abschluss ohne Anschluss” aims to offer all young people a follow-up perspective for vocational training or studies after school graduation. The following describes our mapping procedure. The project aims to strengthen the cooperation between three policy fields (education, the labour market, and youth policy), resulting in 5 points on the degree of integration scale. The following instruments have been adopted in the project:

- Legal and financial framework: financial incentives; hierarchy (mandatory legal requirements → guidelines defining projects' responsibilities) → 1 point
- Discursive framing: "Kein Abschluss ohne Anschluss" is an umbrella concept building bridges between formerly disconnected projects → 2 points
- Facilitation: not used → /
- Institutional design: concrete setup for coordination and horizontal cooperation and local coordination service units in all districts → 4 points
- Participation: coordination and collaboration via a steering group (ministry + several other civil society stakeholders) → 5 points

In sum, the project has an intervention score of 12 points (which is a transformed score of 4.14) and a cumulative metagovernance score of 17 points. This procedure was applied to all 48 projects.

## EMPIRICAL RESULTS

### MOTIVES FOR METAGOVERNANCE

In the first step, we studied the problems of local network governance perceived by German state governments that have motivated them to introduce metagovernance tools. Four recurring issues were identified in the empirical material: metagovernance tools are introduced (1) to turn weak links of collaborative networks into tight forms of integration, (2) to bridge structural holes, (3) to cope with internal legitimacy problems, and (4) to enhance external legitimacy.

1. From weak links to tight forms of integration: At the local level, mushrooming of networks has become visible in the last years. However, often only modest modes of horizontal coordination have been implemented; actors or organisations pool their resources and try to standardize their interactions without changing their own strategies or behaviours decisively. German state governments have introduced metagovernance tools to bundle various social investment initiatives and to intensify the strategic exchange among them, as the following quotations show: "The problem of training shortages has been known for a long time. First attempts to tackle this problem resulted in "projectitis": (too) many projects coexisting side-by-side, without mutual exchange and not manageable. The aim was to bundle the large number of projects to create a manageable network and to improve the effectiveness of the projects' (Interview I). Another public servant (Interview II) explained: "We had quite a number of community centres, family education houses, or support centres. However, they have been developed in a rather incremen-

tal way and were only loosely coupled. By creating a new service point, we hoped to strengthen the network and to increase exchange among network members.”

2. Bridging structural holes: It is striking that the newly established networks are organised around distinct phases of life (pregnancy/birth, a healthy start in life, vulnerable transition periods, e.g., between school and labour). However, the various networks are not connected to each other but form – as Ronald Burt (2004) would have put it – structural holes. One of our interview partners (Interview III) expressed this as follows: “We wanted to facilitate cooperation across legal systems and create one-stop shops for young people, regardless of the legal system to which they belong, without the risk of being referred to other administration units. (...) To encourage such a cooperation, a steering engine is needed.”

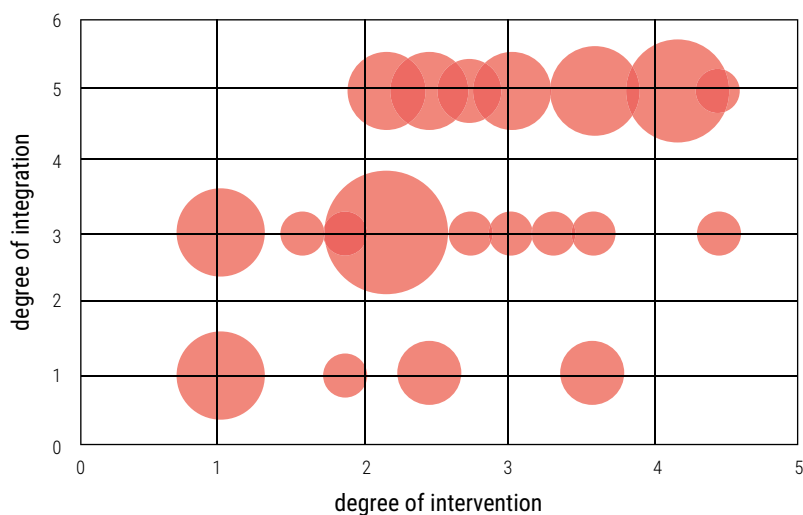
3. Internal legitimacy challenges: Even if local actors are willing to establish a collaborative network with tight ties, there are numerous impediments to seamless service delivery. Obstacles may result from such issues as professional divides (e.g., between managers and social workers or between doctors and nurses), disconnected or even isolated units, or the fact that for-profit and non-profit organisations are working together. The sharing of data and information is hampered not only by lacking trust but also – in times of digitalization – by problems of interoperability. As a result, we see numerous conflicts, mistrust, misunderstandings, and lacking communication at the microlevel of coordination that hinder effective collaboration (Ferlie et al., 2005). Against this background, a “neutral outsider” is needed for conflict resolution: “Whenever new questions about coordination or financing arise that cannot be solved at the regional level, the state level is called upon: the actors were not used to cooperating; no procedures to come to decision and to resolve conflicts were established [...]” (Interview III). Another interviewee (Interview IV) emphasized the importance of metagovernance tools not only for establishing networks but also for creating team spirit. “Whether something succeeds, especially in the interaction of various actors (e.g., teachers, social workers, or career counsellors), is a question not only of resources but also of networking and the development of a common culture.”

4. External legitimacy challenges: the fourth barrier to effective horizontal coordination is external legitimacy challenges. Even though it is increasingly acknowledged that wicked problems require collaborative network governance, social investment policies “continue to struggle for recognition as a policy paradigm” (Plavgo & Hemerijck, 2020, p. 2). They are contested because they require redistribution among different clientele groups; moreo-

ver, the preventive character of social investment policies makes their outcome hard to measure. To provide legitimacy, many metagovernors use framing technics and label their projects with strong, positive connotations, like “Stärke” (“strength”) for early childhood family care projects or “Türöffner” (“door opener”) for school/work transition projects. Metagovernors also use evaluations strategically to maintain or improve external legitimacy, as the following quotation indicates (Interview V): “The evaluation results clearly revealed that coordination is a necessary precondition for project success. If there was a good basis for coordination between [Provider 1] and [Provider 2], the project was successful; in projects with no or only a little cooperation, these effects couldn’t be measured. Our new call for proposals then made cooperation compulsory.” A similar legitimacy effect is achieved through hands-on tools, as the same interviewee explained: “Promoting legitimacy through [so-called] “elephant rounds” – highly visible events with ministers, the chairmen of the social partners, associations, and local authorities – is very important”.

#### MAPPING METAGOVERNANCE ARRANGEMENTS

Having explored the reasons for metagovernance, we now focus on the arrangements implemented. Figure 8.3 shows first, that nearly half (21) of the 48 mapped projects strive to integrate three or more policy fields, and 18 projects to integrate two policy fields. State ministries are thus trying to overcome the traditional silo structures and to establish horizontal coordination. The map reveals, second, that there are projects with a low degree of integration and intervention as well as highly integrated projects that experience a high degree of intervention. We also find projects that focus only on one policy field but score highly on the intervention axe. Interestingly, we cannot find the reverse case: highly integrated projects with a low degree of intervention. We interpret this as a sign that policy fields are not integrated easily but require metagovernance intervention.



**FIGURE 8.3:** Projects according to their degree of intervention and the degree of integration. Source: Own production; the bigger the circles the more projects.

In our sample of 48 projects, we have seven policy fields represented: Active Labour Market Policy (ALMP), Family/Early Childhood, Education, School-To-Work Transition (in the following referred to as Transition), Health, Infrastructure, and Integration. In a second step, we were interested who initiated these projects and who is lead agency. To this end, we have assigned the 48 projects to their lead department (policy area) at the state level, assuming that the agency and the environment it is embedded into (with its specific actors, ideas, issues and institutions) are relevant factors that have an impact on project design.

Table 1 shows that in most cases of our sample (= 16), innovative social investment projects are initiated by state level actors responsible for ALMP (e.g., Ministries for Labour and/or Economics), followed by actors responsible for Family & Early Childhood Education (14). As a rule, transition projects (11) are jointly lead by ministerial departments responsible for education and ALMP. Thus, we already find an integrative approach at the state level which is thought to stimulate further cross-sectorial coordination at the local level.

**TABLE 8.1:** SI projects per lead agencies. Source: Own production.

Lead agency	Cases
ALMP	16
Family/Early Childhood	14
Education	4
Transition (school to work)	11
Health	1
Infrastructure	1
Integration	1

With respect to the depth of integration, we can observe some interesting differences between the 48 projects (Table 8.2).

**TABLE 8.2:** SI projects – lead agency and average number of locally integrated policy fields. Source: Own production.

Lead agency	Integration Score
ALMP	2.38
Family/Early Childhood	3.29
Education	5.00
Transition (school to work)	5.00
Health	3.00
Infrastructure	5.00
Integration	1.00
Average	3.50

It is striking that projects in the field of ALMP, which represent the biggest share in our sample, are still often designed as sectoralised arrangements: 6 out of 16 projects focus only on the labour market without involving actors from other policy fields. Projects that focus on the transition from school to work, on the contrary, are the most open to cooperation; these projects are usually designed as cross-cutting projects and integrate three or more different policy fields (integration score = 5). The average integration score is about 3.73 (at least two local policy fields are integrated), which we take as a sign that our interview partners consider cross-sectoral coordination as a decisive criterion for labelling a project as an innovative social investment initiative.

Differences can also be found with respect to instrument choice. In this regard, we measured both the number of metagovernance tools applied and their intensity of intervention (intervention score; see Table 8.3). Interestingly, social investment projects in the field of ALMP score low on both measures, meaning that state actors in charge of ALMP apply only a few metagovernance tools and prefer, as a rule, a “hands-off” approach. With respect to transition projects, we can see a preference for “hands-on approaches”. State level actors responsible for transition projects not only adopt a range of different metagovernance tools but at the same time choose instruments with an interventionist character (e.g., the establishment of coordination centres or direct participation in projects’ steering boards). Furthermore, the table shows that the number of tools and their degree of intervention are considered as two independent dimensions of project design. State actors that apply a range of different instruments do not consider an increase in the number of tools applied as an alternative to highly interventionist tools (like direct project participation). Instead, state actors that prefer a hands-on approach usually use many different instruments, including instruments with a high degree of intervention. The reverse is also true: state actors that use only a few metagovernance tools prefer – as a rule – instruments with a low degree of intervention. Decisions between hands-on and hands-off approaches thus take two different dimensions of project design into consideration.

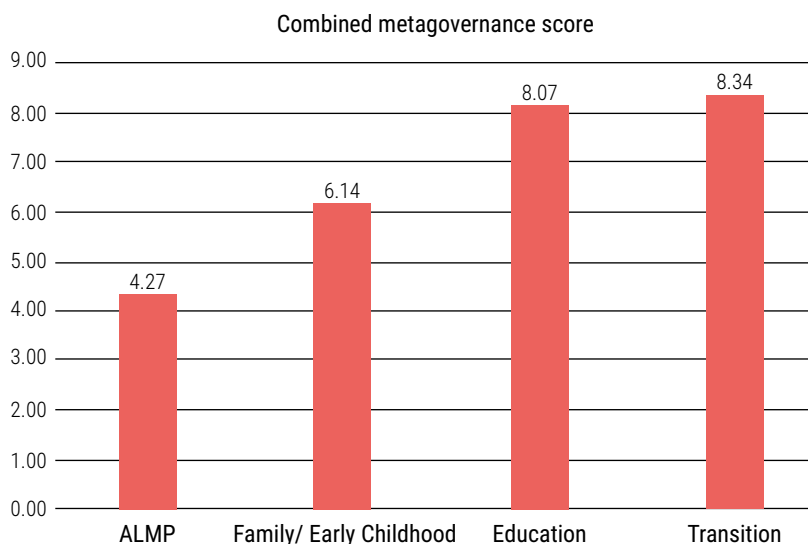
**TABLE 8.3:** Intervention Score of lead agencies. Source: Own production.

Action Field	Number of Metagovernance Tools	Intervention Score
ALMP	1.81	1.89
Family/Early Childhood	2.71	2.86
Education	3	3.07
Transition (School to work)	3.09	3.34
Health	2	1.86
Infrastructure	3	2.71
Integration	1	1.00
Average	2.48	2.60

Bringing together the two previous individual evaluations, Figure 8.4 displays the combined metagovernance score. The figure thus shows the divergence of the different lead agencies, expressed in the average values across the respective



projects. Not surprisingly, the combined metagovernance score of ALMP projects is considerably lower than the score in other fields of social investment policy (4.27).



**FIGURE 8.4:** Combined metagovernance score per lead agency. Source: Own production; 3 single projects from health, infrastructure and integration were left out.

## DISCUSSION: COMPARISON OF SOCIAL INVESTMENT ARRANGEMENTS

From our analysis of the expert interviews and the intervention and integration scores of metagovernance arrangements, we can conclude the following. First, we can see that horizontal coordination, as a necessary precondition for effective social investment policies at the local level, is no longer questioned. Our expert interviews reflect the widely shared acceptance of the assumption that solutions to complex social problems require collaborative interactions between multiple agencies. Second, our analysis reveals that public servants in state ministries are also aware of the challenges of creating and maintaining social investment networks at the local level. Public servants at the state level describe – in their own words – weak ties, structural holes, and internal and external legitimacy challenges as the typical pitfalls of networking at the local level, and they see the effectiveness of their policy programmes endangered.

Indeed, it has become important to understand how the characteristics of the actors' organisational structures affect the coordination between the actors (Jacobsen & Kiland, 2017). Third, we can show that public servants at the state level increasingly perceive it as their task to make these local networks work. Thereby, they are aware of the limited effectiveness of authority tools (Moseley & James, 2008) and refer to tools of metagovernance. We can thus observe policy learning at the level of state ministries.

Furthermore, we can presume from our empirical data that governance innovations are happening in particular in the field of ALMP as well as in early childhood education and in the transition phase from school to work (at least according to the assessment of the responsible public servants from ministries at the state level). This is in line with the literature on social investment policy in which both the labour market and family/early childhood education policies are viewed (Moseley & James, 2008) as the most decisive fields of social investment policies since they focus on "perhaps the most critical stage in the modern lifecycle course: that of transition into employment and family formation" (Plavgo & Hemerijck, 2020, p. 3). Interestingly, education plays a less important role – only in direct connection with underprivileged youths or labour market policies (transition policies).

A comparison of the projects of our sample reveals how governance innovations vary. In line with recent research on metagovernance, we observe that the choice of public metagovernors between hands-on and hands-off metagovernance differs from one policy issue to another (Sørensen & Torfing, 2009, p. 247). The differences between the most dynamic fields – ALMP, family/early childhood policies, and transition policies – are striking; while public servants clearly prefer a hands-off approach in the case of ALMP, a hands-on approach becomes evident in the fields of family/early childhood and transition policies. Both the number of policy fields integrated into the metagovernance arrangements and the number of tools of metagovernance are higher; within the different metagovernance instruments, those with a more interventionist character were chosen.

In the light of our expert interviews, we interpret the differences in the way in which metagovernance arrangements are designed as a reflection of actor constellations in the different policy fields. ALMP is a mature policy field with rather stable actor constellations; employer associations and trade unions as well as public employment agencies are considered as the main actors, with distinctly defined responsibilities. Early childhood education and family policies that encourage mothers to re-enter the labour market, in contrast, are still a comparatively new field in the German conservative welfare state, in which the male breadwinner model is still widespread. The boundaries of the family

and early childhood education field are still uneven, and actor constellations are rather instable. The design of their metagovernance arrangements provides evidence that public officials at the state level try to include as many actors as possible since clear lines of responsibilities are lacking. In addition, more metagovernance tools and metagovernance tools with a more interventionist character are adopted. From the choice of metagovernance instruments, we can see that state ministries are aware of the potential for political conflict in this field: positive frames (“door openers”) and storytelling are widely used in these types of projects. This result is confirmed by other recent studies. For example, Jacobsen and Kiland (2017, p. 69) showed for the case of Norway that the creation of cooperative arrangements in the field of local child welfare services has led to stronger vertical coupling between the political level and the local child welfare services to strengthen political governance.

A positive assessment of the differences observed between the metagovernance arrangements would argue that the state ministries, as public metagovernors, manage the dilemma between hands-off and hands-on metagovernance (Sørensen & Torfing, 2009, p. 252 ff.) in an effective way. Hands-off metagovernance aims to maintain or increase the self-regulatory capacity of the network and is thus appropriate for fields like ALMP in which the self-regulatory capacity is already existent. In these cases, strong interventions would be counterproductive and very likely to result in conflicts between the governance network and the state ministries. Hands-on metagovernance, in contrast, aims to resolve internal conflicts and influence the content of policy solutions. This approach might be more appropriate for nascent policy fields.

A more critical assessment would argue that state ministries also lack the will and/or the political power to intervene in a more decisive way in fields like ALMP in a country like Germany, which still relies heavily on corporatist modes of governance. Only for the most vulnerable groups, like young scholars entering the labour market, are metagovernance arrangements with a hands-on approach politically feasible. However, other groups among the unemployed, which appear to be less vulnerable at first sight, for example unemployed people with mental health issues, are neglected. While the traditional corporatist actors – employer associations, trade unions, and public employment agencies – cooperate intensively in local networks, they focus mainly on labour market insiders or those who can easily re-enter the labour market. Only a decidedly hands-on metagovernance approach would “convince” these traditional actors to open their iron triangle to cooperate with other local actors, such as social workers and addiction or debt counsellors.

From our empirical data, we cannot give a final answer to the question of which of the two interpretations describes the empirical reality better (the

interpretations might also differ across the 16 states). However, in an overall assessment, we can conclude that our findings support Playgo and Hemerijcks's (2020, p. 2) realistic assessment that it is still difficult to speak of a coherent social investment paradigm. Overall, social policies continue to be compartmentalized across sectoral ministries – only social investment projects with a limited duration and limited financial capacity challenge these silo structures. With respect to the management of these projects, the potential of metagovernance tools is not yet fully used, particularly when considering the calibration and combination of different metagovernance tools.

## CONCLUSION AND OUTLOOK

This chapter has researched the metagovernance arrangements used by state ministries to promote horizontal coordination among local networks for social investment policies. The findings of our study indicate that change is taking place regarding the operational dimension of social policy. Much effort is being made to cooperate across the borders of organisations and policy fields to overcome compartmentalized problem-solving structures, which have proven to be ineffective for handling complex social problems. The results also suggest that politicians and public servants in charge of designing implementation arrangements for social investment programmes increasingly perceive themselves as metagovernors; they are aware of the typical pitfalls of local network governance, and they know that they can make a difference by using tools of metagovernance. The legal and financial frameworks designed for social investment projects provide incentives for cross-cutting coordination, newly created local networks are supported through discursive framing, cooperation between local actors is facilitated through the establishment of service units, and compulsory procedures are introduced. Sometimes, metagovernors even participate directly in the management of social investment projects to encourage horizontal coordination.

Against the background of the institutional setting of social policy in Germany, which is traditionally characterized by strong horizontal and vertical fragmentation, the observed positive stance towards the metagovernance of local networks can be interpreted as policy learning. Nevertheless, our results also reveal the limitations of this process. So far, the metagovernance efforts have focused only on a small number of policy fields; furthermore, metagovernors have not yet fully exploited the potential for combining and mixing different tools of metagovernance in a strategic way. We conclude that not only do local network actors need to be continuously encouraged to learn to use new instruments, metagovernors, as well need to learn to adopt tools of

metagovernance in a cautious way. To this end, further research is necessary to understand fully how metagovernors cope with their new roles. What types of challenges do they experience? What skills, competences, and resources do they need to design effective metagovernance arrangements? Such knowledge would provide metagovernors with the opportunity to learn continually how to take advantage of tools of metagovernance.

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### LIST OF INTERVIEWS

Interview I: representative of the Ministry of Labour, Integration and Social Affairs North Rhine-Westphalia

Interview II: representative of the Rhineland-Palatinate Ministry for Family, Women, Youth, Integration and Consumer Protection

Interview III: representative of the Ministry of Labour, Social Affairs and Integration of Saxony-Anhalt

Interview IV: representative of the Hamburg Department for Labour, Social Affairs, Family and Integration

Interview V: representative of the Baden-Wurttemberg Ministry of Economy, Labour and Housing