Contracting personalization by results: comparing marketization reforms in the UK

and Australia

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Abstract

Market instruments are increasingly being used to drive innovation and efficiency in public

Meanwhile, many governments recognize the need for services to be more services.

personalized and 'user-centred'. This was a key aim of major welfare-to-work reforms in both

the UK and Australia over the past decade, which sought to achieve personalization through

increasing service delivery by for-profit providers, contracted via Payment-by-Results.

Drawing on three surveys of frontline staff, we show the impact of recent UK and Australian

marketization reforms on frontline practices to consider whether the reform mix of increased

commercial provision tied to Payment-by-Results has produced more personalized services.

We find that the UK's 'black box' model was associated with some increase in frontline

discretion, but little evidence that this enhanced service personalization, either compared to

previous programmes or to Australia's more regulated system.

**Key works:** 

Payment-by-Results; Outcomes-based contracting; personalization; market

governance; employment services

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#### 1. Introduction

Market instruments are increasingly being used by governments to drive innovation and efficiency in public employment services (PES) (Jantz et al. 2018; Tomkinson 2016). At the same time, there is a greater awareness of the need for employment services to be individually personalized to jobseekers' needs (Fuertes and Lindsay 2016; Rice et al. 2018) due to increased social differentiation (Borghi and van Berkel 2007). It also reflects the extension of welfare conditionality – in terms of participation requirements in active labour market programmes and the imposition of sanctions for non-compliance with mandatory job search and other behavioural requirements - to wider groups such as lone parents, people with disabilities, and others more remote from employment. Whereas recipients of unemployment benefits were historically the targets of activation, PES now need to adapt to a greater diversity in the client pool, including many with complex employment barriers.

The UK and Australia are two countries that have been at the forefront of these marketization reforms. Over the past decade, both countries expanded the proportion of services delivered by for-profit agencies and strengthened the performance signals in their payment models in exchange for giving agencies' greater flexibility over service methodology. This unfolded alongside an intensification in mandatory job search and other activity requirements for claimants, the argument being that wider conditionality 'is justified if vulnerable groups have access to personalized services designed to address their specific needs' (Lindsay et al. 2018 p. 318).

In the UK, the seeds of this shift were sown by the Freud Report (2007), commissioned by New Labour. It recommended a change in the UK's PES commissioning framework towards longer, Payment-by-Results, contracts 'held directly with fewer organizations' (Wiggan 2015, p. 120). These 'prime contractors' would then 'be responsible for marshalling an appropriate blend of subcontractors to deliver the services required for the variety of claimants in that region' (Freud 2007, p. 7). In 2009, an assortment of programmes was consolidated into the Flexible New Deal (FND) although FND was short-lived due to the change of government. Nevertheless, the Cameron Government retained its 'prime' contracting model as a key part of its flagship Work Programme, a 'black box' model that gave

providers wide discretion over programme methodology, with the caveat that they would be paid almost entirely by results. The term 'black box' refers to the fact that the contracting model afforded providers greater leeway over *what* services clients received and *how* intensely they were engaged. This was presented by policymakers as 'providing freedom for providers to personalize support' (DWP 2012, p. 9) and marked a departure from previous contracts which 'had been much more prescriptive' (Sainsbury 2017, p. 55). Oversight of providers was also low in comparison to previous programmes, in part to drive down the transaction costs of administering the system and in part driven by a dearth of usable indicators by which to measure the quality of the services delivered (Bennett 2017). Financial accountability for outcomes was the main governance instrument used to discipline and control providers, who now earned just 20 per cent of their income from process activities, such as registration and interviewing clients, compared to almost half under previous programmes. Moreover, the share of funding linked to outcome payments increased over time so that, by mid-2014, the WP was 'an entirely Payment-by-Results programme' (HoCWPC 2015, p. 6).

This policy experiment in shifting the governance of PES towards greater 'market accountability for employment results' (Jantz et al. 2018, p. 339) has now significantly slowed in the UK. Referrals to the WP ceased in April 2017, although providers continued to service jobseekers already in the programme until early 2019. One major criticism of the WP was its poor level of performance in relation to 'harder-to-help' groups, such as Employment and Support Allowance (ESA) claimants, with evidence that providers were targeting their resources on jobseekers closer to employment because these were the clients considered most likely to generate a profit (HoCWPC 2016). The programme has since been replaced by the much smaller Work and Health Programme (WHP), which is delivered by just five primes across six regions at an annual cost of approximately £130 million compared with the £416 million paid to WP providers by DWP in 2015/16 (Powell, 2018). Moreover, most WHP participants are people with disabilities. With the abolition of the WP, the provision of employment support to jobseekers on unemployment benefits has been largely returned to the public agency, Jobcentre Plus, with contracted-out services reserved for the most highly disadvantaged. Nevertheless, Payment-by-Results continues to underscore the WHP's contracting model with outcomes payments accounting for

approximately 70 per cent of the total payments available to providers (DWP 2018). Hence, the lessons of the WP's Payment-by-Results model continue to have important relevance for the UK, and more broadly.

Australia has continued to experiment with embedding Payment-by-Results in its PES system as a means to promoting greater service tailoring since its first introduction in 1994 under *Working Nation*. The current Jobactive system, which was introduced by the Abbott Government in July 2015 and which will continue until mid-2022, is predominantly a Payment-by-Results system. The original Jobactive contracts were estimated to be worth a total of AUD\$7.3 billion over five years, making PES the largest area of Australian government procurement outside defence (ANAO 2017). A major aim of the Jobactive reform was to introduce greater flexibility for providers to implement their own service delivery models. This was accompanined by an increased emphasis on funding providers through outcome payments rather than step-wise process payments.

While personalization is an objective of 'virtually all mature welfare states' (Rice, 2017, p. 478), what differentiates these Australian and UK welfare-to-work reforms is the governance architecture through which they pursued this objective: *stronger marketization* in the form of Payment-by-Results, reduced service prescription, and the reconfiguration of their systems in favour of 'large, cash-rich firms' (Hill 2013, p. 204). In this study, we consider how the UK and Australian market governance reforms reshaped frontline PES delivery in each country. Drawing on three surveys of frontline staff (2008, 2012, and 2016), we ask whether the reform blend of increased provider discretion tied to Payment-by-Results corresponded to an increase in personalization compared to the supposedly more standardized programmes in place in 2008. In so doing, the study provides insight into the prospects for achieving enhanced tailoring through the market instrument we term *financialized discretion*.

Several previous studies have examined the WP's 'black box' contract model and the extent of personalization by WP providers (e.g. Fuertes and Lindsay 2016; Greer et al. 2017; Sainsbury 2017), but few studies have empirically examined how frontline service delivery changed over time following the introduction of stronger marketisation, or compared how the UK experience of contracting

personalization-by-results differed from other international experiences. The cross-country comparative analysis presented here provides possibilities for a broader assessment of the role of outcomes-based contracting (OBC) in driving public service personalization. It enables comparison between OBC, when implemented via a more 'black box' model (the UK), and when implemented in the context of a more 'process regulated' welfare market (Australia). In particular, we can examine whether significant differences in frontline discretion emerge in a 'black box' system, and whether this translates into staff delivering more personalized support to clients in practice.

In what follows, we review the concept of personalization and the role of OBC in promoting service tailoring. We briefly review the UK WP reforms in the context of this discussion, drawing parallels with the past decade of Australian welfare-to-work reform, before introducing the method of our study and findings.

### 2. Personalization and outcomes-based contracting

The principle of 'personalization' has become embedded in welfare policy reforms, at least at the level of bi-partisan rhetoric. Although often used 'in ambiguous, elastic, and sometimes contradictory ways' (Toerien et al. 2013, p. 310), it implies PES in which support is structured 'to account for individual clients' needs and allows some degree of user participation' (Fuertes et al. 2016, p. 526). According to the Australian Government, services should be 'user-centred' meaning the 'type and mix of services individual jobseekers get should be tailored to their needs' (DoJSB 2018, p. 26-28) although other accounts emphasize shaping services to 'the wishes of participants' (Sainsbury 2017, p. 57), necessitating stronger user-choice (Cutler et al. 2007).

Toerien et al. (2013) distinguish two dimensions of personalization: *procedural personalization*, which describes the tone (or 'how') of caseworker-client interactions, and *substantive personalization*, which refers to the 'what' of service provision and the extent to which 'clients with different needs receive different service offers in practice' (Rice 2017, p. 471). While procedural personalization is important to earning clients' trust, it is insufficient to support clients with complex needs if caseworkers remain

narrowly constrained in the support they can offer. Realising personalization in a 'strong' sense is therefore thought to require several governance conditions. Firstly, that a variety of enabling employability and flanking social services are available to accommodate clients' varied needs. Otherwise personalization merely conceals that the same basic services are available to all regardless of whatever personal needs jobseekers disclose (Toerien et al. 2013). Secondly, adequate 'targeting mechanisms' (Rice 2017, p. 469) to ensure the 'right' jobseekers are channelled towards the 'right' services. One approach is a structured form of channelling of jobseekers towards predefined service portfolios using standardized assessment tools. Another, more 'bottom-up', approach involves leaving the specification of services to local delivery organizations and relying on 'the professional judgement' of the caseworker to personalize case-by-case (Rice 2017, p. 470). Rice's quasi-experimental research on approaches to PES targeting suggests the former results in 'more homogenous service delivery patterns' (2017, p. 479). This is in part due to a tendency to group clients into relatively few pre-defined categories. Accordingly, many argue that some degree of autonomy over client-servicing is required if support is to be *substantively* tailored (Nothdurfter 2016; Sainsbury 2017).

To enhance personalization, many governments have turned to market governance instruments. While marketization dynamics, such as competitive tendering and the introduction of a purchaser-provider split, have long been features of PES systems (Greer et al. 2017), OBC is a specific form of marketization that is gaining international significance (Finn 2012; Tomkinson 2016). What distinguishes it from other market governance instruments is the financial contingency of providers' payments on delivering specified results, such as the number of clients placed into jobs of a specified duration. In this way, OBC introduces work-related conditionality into the financing of employment services (Shutes and Taylor, 2014) thereby intensifying the phenomenon of 'double activation': where the forms of conditionality applied to activate jobseekers (e.g. financial penalties) are also used to motivate provider agencies (Considine et al. 2015, p. 29). It also reinforces other marketization dynamics, such as privatization, by embedding a particular kind of public services market: one dominated by larger, for-profit providers (Bennett, 2017) since few not-for-profits have the capital or borrowing capacity needed to assume 'the significant financial risk of managing a back-ended

"Payment-by-Results" funding model' (Shutes and Taylor 2014, p. 210). In the UK, for example, only agencies with supply-chain management experience and the capacity to absorb the financial risk associated with the WP's outcomes-based, prime contractor model were considered for procurement. As a result, for-profit providers won 35 out of the 40 prime contracts. While several incorporated not-for-profits as part of their supply chains, less than 20 per cent of all contracting arrangements were awarded to not-for-profits (Bennett 2017). It is because of this need to fund upfront services via investment and borrowing that OBC can be viewed as contributing to the *financialization* and not just marketization of PES (Carter 2019). It amplifies the role of financial actors and financial incentives in structuring PES quasi-markets.

OBC is attractive to policymakers because it also transfers the risks of under-performance to providers, ideally ensuring that governments only pay for 'what works' (Finn 2012). Moreover, specifying outcomes is administratively simpler than prescribing service quality or the types of interventions required (Hill 2013). Finally, by reducing the fees payable for inputs and strengthening the financial imperative to achieve results, it is also hoped that OBC will produce 'more service flexibility and tailoring' (Tomkinson 2016, p. 6). This stems from the diversity of clients on providers' caseloads and thus the diminishing efficacy of 'one-size fits all' approaches. Through affording providers great flexibility over implementation but making their income dependent on results—defined here as financialized discretion—policy designers assume that organizations in a competitive welfare market will be driven to 'develop new practices to identify and tackle individual employment barriers' (Finn 2012, p. 24). However, some experts caution that increasing providers' financial accountability for results and exposure to economic risk may lead to reductions in service quality if pressures 'to hit targets and minimize costs' intensify processes of standardisation (Fuertes and Lindsay, 2016, p. 528-9).

One concern is the effects of marketization on what Greer *et al.* (2017, p. 108) characterize as the 'disorganization of employment relations' within privatized social services organizations. Several studies have documented processes of work intensification and de-skilling at the frontline following market governance reforms. One example is the 'substantial growth in the proportion of employees with no, or very limited post-school qualifications' (Healy 2009, p. 403) and a decline in rates of union

membership among frontline workers following the contracting-out of social services in countries such as the US, UK, and Australia, as well as non-Anglophone countries including Denmark and Germany (see Considine and Lewis 2010; Greer et al., 2017, 2018). This points to a staff with less expert authority to self-manage. Bredgaard and Larsen (2007) argue that social workers in public agencies have historically proven a check on the more extreme 'work-first' policies. As such, agencies that contract into work-first systems need to ensure their staff comply with the policy settings they are working within. One way to achieve this is by de-professionalising the frontline. But more than that, contracted providers are organizations that are driven by profits to reduce costs, with field studies of WP providers indicating that what agencies provided to clients was little more than 'a generic and minimal service' (Jordan 2018, p. 593; Fuertes and Lindsay 2016).

A central concern is the difficulty in resolving the tension between equity and efficiency (including profit maximisation), and the 'moral hazard' (Hill 2013, p. 198) that providers will game contracts by focusing on 'those who are easiest to help, in order to hit targets' (Greer et al. 2017, p. 111). This practice of targeting clients 'in inverse proportion to need' (Greer et al. 2018, p. 1429) enables selfinterested providers to maximize the payable outcomes they can achieve for minimum investment. But it leads to the denial of meaningful support to those who need assistance the most. Defending against such practices of 'creaming' and 'parking' has proven to be a 'perennial design challenge' (Carter and Whitworth 2015, p. 280) facing Payment-by-Results models. In the UK, the WP design tried to incentivize providers to support 'harder-to-help' participants by offering higher payments for outcomes achieved with cohorts considered more distant from employment, such as ESA claimants. Overall, different payment levels were specified for nine groups depending on clients' benefit category, age, and other characteristics. However, the WP's differential pricing structure was found by a Parliamentary Review not to have incentivized providers 'as was intended' (HoCWPC, 2015, p. 19-22). ESA outcome payments were considered too low by providers to cover the costs of the more intensive support such participants required. In 2014, an Auditor General's report found that providers were spending '54 per cent less on each participant in harder-to-help groups than when they bid' (NAO 2014, p. 8). Further evidence of 'parking' was documented in several independent studies (Considine et al. 2018; Greer et al., 2018; Rice et al. 2018).

Problems of creaming and parking were a key reason why Australia abandoned 'black box' contracting during the third Job Network (JN) contract. JN was a fully competitive PES tendering model, introduced in May 1998 by the Howard Government. Over 300 private, community and government-owned agencies were contracted to deliver a range of employment services and funded via a combination of service fees and outcome payments. As with the WP, the early JN was largely a 'black box' design but this changed from 2003, when the purchaser turned towards steering providers not only via economic incentives but also through greater contractual specification and more intensive compliance auditing. This was facilitated by the introduction of a new central IT platform, visible to the purchaser, which frontline staff were required to use to document all work flow processes and client expenditure, and which continues to underpin employment service delivery in Australia. Another important change was the abandonment of price competition in favour of awarding market share based on an agencies' relative performance as determined by a Star Ratings system. Sixty per cent of the contracts signed in 2003 were awarded to agencies who automatically had their previous contracts extended, and it was at this point that the system became entirely privatized. Over the next six years, increasing service specification and the detailed oversight of providers gave rise to what critics argued was a highly 'bureaucratized' (Bredgaard and Larsen 2007, p. 292) and 'inflexible' (Finn 2011, p. 13) quasi-market where personalization was 'the exception, rather than the norm' (Marston and McDonald, 2008, p. 265).

This heavy standardisation of Australia's PES is a problem that successive governments have struggled to resolve, beginning with the introduction of *Job Services Australia* (JSA) by Labor in 2009. This reform sought to replace JN's "one size fits all" approach...with greater flexibility for employment services providers to tailor services' (Gillard, 2008). Agencies were given more discretion to tailor clients' job plans and the payment model was adjusted to increase the proportion of payments contingent on sustained employment outcomes with harder-to-help clients. It was hoped that this would motivate an emphasis 'on providing more integrated and holistic "wrap-around" support' (SSC 2009, p. 31) but, on coming to power, the new Abbot Government quickly set about overhauling the system, criticising

JSA as offering 'limited scope for provider-initiated service design' (DoE, 2016, p. 9). It introduced a new *Jobactive* system that incorporated several elements of the WP design.

Unlike previous contracts, providers were encouraged to bid on the basis of different service models in the hope that this would free them 'to deliver flexible solutions tailored to an individual jobseeker's circumstances' (ANAO 2017, p. 34). Other key changes included the lengthening of contracts to five (now extended to seven) years and changes to the payment model. Whereas outcome payments accounted for a third of the available payments under JSA, this now increased to more than half (ANAO 2017). With providers bearing more risk, for-profit agencies increased their market share to almost half of all contracts as just 44 providers remained in the market (Jobs Australia 2015). Many of these Jobactive providers were also delivering significant sections of the UK PES quasi-market at the time.

Below we consider the extent to which the intensification of OBC in Australia and the UK enhanced personalization in practice. We examine whether the Jobactive and WP reforms were associated with greater bureaucratic discretion and a stronger results-orientation among provider staff: two key pathways through which OBC purportedly drives personalization. At its core, OBC involves a trade-off between 'high autonomy for providers to design services, in exchange for performance-related payment' (Greer et al. 2017, p. 55). However, there is no guarantee that greater *organizational* discretion and market accountability for results in commissioning frameworks will translate to increased flexibility and accountability for client outcomes *among frontline staff*. As Sainsbury argues, organizational discretion in contracts can lead to 'highly bounded discretion at the frontline' (2017, p. 64) if senior management specifies in advance what forms of support advisors can offer.

## 3. Method

Our data are drawn from surveys of frontline staff conducted in both countries in 2008, 2012, and 2016. The survey, which has been conducted online since 2008, comprises of more than 100 questions about how frontline staff conduct their work, their experiences of local agency goals and methods, and their interactions with clients (See Considine *et al.* 2015 for further details). The data used in this study are

confined to responses collected in the UK and Australia from 2008 to 2016, concentrating on changes related to the *financialized discretion* afforded providers under OBC: the outcomes-orientation of frontline staff, on the one hand, and their bureaucratic discretion over servicing decisions, on the other. We also track indicators of personalization in client-servicing such as tailoring, user-choice, caseworker-client ratios, and interactions with flanking services. The respondents in both countries were client-facing staff tasked with supporting jobseekers to find and sustain employment. In Australia, all providers were invited to participate in each survey, and the survey was administered to frontline staff within each organisation that agreed to participate. In the UK, the agencies chosen to participate were selected to ensure the sample represented a spread of for-profit, not-for-profit, public, and mixed-ownership types (See Table 1). The data were analysed using SPSS software. T-tests were used to detect differences between survey years and country responses within survey years where the responses were continuous. Chi-squared and Kruskal-Wallis tests, a non-parametric equivalent of T-tests, were used where the responses were categorical, ordinal and rank order. Statistical significance was tested at the five per cent level.

\*\*\*Table 1

## 4. Findings

Policymakers view Payment-by-Results as a means for encouraging personalization via increasing providers' financial accountability for outcomes with clients. As Finn argues, linking payments to outcomes 'ensures providers focus on the purpose of the service, both at a general level and for frontline staff where overall outcomes can be linked into personal appraisal systems and individual or group targets' (2012 p. 4). This assumes a spill over from 'double' to 'triple' activation, as organizational accountability regimes applied by the purchaser become internally embedded in employee accountability systems to steer how caseworkers treat clients via tighter performance management (van Berkel, 2013).

Table 2 shows the extent to which UK and Australian respondents perceive they are influenced by, and aware of, performance targets and the need to achieve payable outcomes. In line with the move to an entirely Payment-by-Results system over the study period, we find an increase in emphasis on generating payable outcomes among respondents in the UK, where the proportion who 'strongly agreed' that they tend to take note of actions leading to a payable outcome doubled from 6 per cent in 2008 to 13 per cent in 2016. Similarly, the proportion who strongly agreed that their organization monitored the income they generated through job placements increased from 18 to 28 per cent over the same period. Both changes were statistically significant, along with the decline in the proportion who reported that the 'need to get an outcome quickly' was 'not at all' influential in determining what activities they recommended, which fell from 29 to 15 per cent. In 2016, just 19 per cent of UK frontline staff reported that they were not influenced by numerical targets whereas almost half reported that the need to get an outcome quickly was influential in determining what activities they recommended. However, the data show no sizeable increase in the degree to which Australian staff are focused on achieving payable outcomes with clients, perhaps reflecting the smaller proportion of provider funding contingent on outcomes in the Australian system. It may also simply be the case that Australian frontline staff were already so focused on payable outcomes that an increase would be difficult to achieve. This would suggest that the UK has converged towards Australia on measures of triple activation rather than an outcomes-orientation intensifying at the frontline in both countries.

## \*\*\*Table 2

Along with increased accountability for outcomes, reforms in both countries sought to give agencies greater autonomy over servicing, presuming that local policy implementers were 'best placed to identify the most effective way of helping people into sustained work' (DWP 2012, p. 3). The data in Table 3 track changes in levels of frontline autonomy over the study period while Table 4 shows whether the country differences observed are statistically significant. Combining these data enables us to determine not only whether reforms in each country produced decreasing levels of service prescription *at the caseworker-client* level but also whether the UK's 'black box' model was associated with increased flexibility compared with the more regulated Australian market.

Our data suggest that UK frontline workers did indeed enjoy moderately higher autonomy under the WP than previous programmes and compared to their Australian counterparts. The proportion 'agreeing' or 'strongly agreeing' that they are free to decide for themselves what to do with clients increased from 63 per cent in 2008, to 68 per cent in 2012, to 70 per cent in 2016. This was accompanied by an increase in the proportion 'strongly agreeing' that they use a lot of personal judgement to decide what is best for clients, from 23 to 33 per cent over the same period, and an increase from 52 to 64 per cent in the proportion indicating that they have leeway over which activities to assign clients. This implies less administrative standardization for UK advisors, as evidenced by the related decline in the proportion 'strongly agreeing' or 'agreeing' that their computer system tells them what steps to take with clients: from 40 per cent in 2008 to 28 per cent in 2016. These changes are all statistically significant and contrast with patterns in Australia, which point towards a decline in frontline discretion. In 2016, less than half of Australian respondents indicated that they were free to decide what to do with clients compared with 63 per cent in 2008. Fewer than 15 per cent 'strongly agreed' that they use a lot of personal judgement to decide what is best for clients; well below half the proportion of UK respondents who strongly indicated that they exercise judgement in this way. Similarly, whereas nearly half of 2016 UK respondents disagreed that their computer system tells them what steps to take with jobseekers and when, less than a quarter of Australian respondents disagreed with this statement. These differences between country responses are all statistically significant (see Table 4).

#### \*\*\*Tables 3 and 4

The findings suggest that, in the UK at least, marketization reforms did indeed result in the desired blend of greater local autonomy married with increased accountability for client-outcomes. However, the relationship between discretion and personalization is 'far from being unambiguous' (Nothdurfter 2016, p. 422). Bureaucratic flexibility provides no guarantee that frontline staff will personalize services to clients' needs. Among other things, resource constraints and performance pressures mean that workers regularly face conflicts between 'organizational and user-centred goals' (Fletcher 2011, p. 447), especially when high caseloads prohibit caseworkers 'from probing deeper into client issues'

(Rice et al. 2018, p. 94). We therefore looked for evidence of increased personalization when working with clients.

Data on a range of such 'personalization' indicators are shown in Table 5. These include: the extent to which client-choice influences service decisions; caseworker-to-client ratios; whether frontline staff report offering all clients the same services; and levels of contact between frontline staff and a range of external organizations (employers, welfare organizations, and training providers). These latter contact items can be viewed as proxy measures for substantive personalization insofar as this depends on the availability of varied tools for enabling employability (job brokerage, training) and a flanking menu of social services (health and childcare etc.). High levels of contact with employers, training providers, and especially social organizations would therefore indicate some degree of substantive personalization. Our data, however, show that the level of contact between frontline staff, employers and training providers has in fact declined in both Australia and the UK since 2008, while contact with welfare organizations remains infrequent. In 2016, only 28 per cent of UK respondents were in 'daily' or 'weekly' contact with welfare organizations compared with 32 per cent in 2008. There has been an even more substantial decline in the level of contact with training providers, perhaps indicating an increasing shift towards 'work-first' rather than building employability through skills development. In 2016, fewer than half of UK respondents were in 'daily' or 'weekly' contact with training providers compared to more than 60 per cent in previous surveys. The decline in the proportion in 'daily' contact with training providers, from 26 to 13 per cent, is particularly striking. Similar patterns are evident in Australia, although to a lesser magnitude: 58 per cent of frontline staff reported being in 'daily' or 'weekly' contact with training providers in 2016 compared with 70 per cent in 2012 and 66 per cent in 2008. Levels of contact with welfare organizations have fluctuated between surveys in Australia. The proportion of frontline staff in 'daily' or 'weekly' contact with welfare organizations reached a peak of almost 47 per cent in 2012, before returning to below 36 per cent in 2016.

<sup>\*\*\*</sup>Table 5

Another important precondition for personalization is 'a sufficiently low caseworker-client ratio' (Rice et al., 2018, p. 94). However, our data show a notable increase in the number of clients on advisors' caseloads in both the UK but especially Australia, where caseloads have risen from a mean of 94 jobseekers per consultant in 2008 to almost 148 in 2016. Although UK caseload sizes decreased in 2016 compared to 2012, our data indicate that caseload sizes were substantially higher under the WP than previous programmes. Moreover, the decline observed in 2016 may reflect a fall in referrals to the WP, which was nearing expiry, rather than organizational decisions to reduce advisors' caseloads.

On measures related to user-choice, we find few, if any, substantive differences between the Australian and UK frontlines. When asked about the extent to which their agency emphasizes giving jobseekers more choice about services, the proportions of UK and Australian respondents who indicated that their agency placed 'a great deal' of emphasis on client choice were broadly similar in 2016 (18 per cent versus 15 per cent). There has been no statistically significant change in this proportion in Australia despite the reform emphasis on tailoring. In the UK, we find some evidence that service responsiveness to client choice has in fact decreased. In 2008, 26 per cent of UK respondents reported that jobseekers' preferences were 'very influential' in determining what activities were recommended. However, this declined to just 17 per cent at the start of the WP, before rising to 23 per cent in 2016. This change is statistically significant, and broadly equivalent to the proportion of Australian frontline staff who consider jobseekers' preferences as 'very influential' in determining what activities are recommended. Comparing the two countries (see Table 4), there are no longer any significant differences between Australia and the UK on the items about service responsiveness to client-choice. This is despite the wide disparity in discretion reported by staff in the two countries. Frontline discretion, our data show, is clearly no guarantor of personalization, at least in relation to facilitating user-participation as what Borghi and van Berkel (2007) term 'co-producers' of their trajectories from welfare-to-work.

A final indicator of personalization is whether all clients receive similar or different services, given that jobseekers have varied needs that require differential service offers. Again, our data show little evidence of increased personalization in either country. In 2016 and 2012, just 12 per cent of UK frontline staff 'disagreed' or 'strongly disagreed' that all their clients received a similar service compared with 8 per

cent in 2008. This is almost identical to the proportion of Australian respondents who disagreed that all their clients received similar services, which has not changed significantly since 2008. Indeed, in 2016, three quarters of respondents in each country reported that all their clients receive similar services, pointing towards a largely standardized service model. This is further reflected in the influence of standard programme rules on servicing decisions. In 2016, 31 per cent of Australian respondents and 23 per cent of UK respondents indicated that standard programme rules had 'a great deal' of influence on the decisions they make about clients. In each country, this proportion was higher than both the proportion who indicated that jobseekers' preferences are 'very influential' in determining what activities they recommended and the proportion who indicated that their agency places 'a great deal' of emphasis on increasing user-choice.

## 5. Discussion

The past decade of PES reform in Australia and the UK has seen the pursuit of personalization via greater provider discretion over implementation coupled with increased conditionality in financing employment services-by-results. This model of financialized discretion was celebrated 'as a core innovation' (Hill 2013, p. 202) of the WP, and mirrored in Australia's Jobactive reforms as a cure to the heavily standardized system beget by ten years of JN. But in turning to stronger OBC, each country also reconfigured their PES markets in favour of large, for-profit providers: the organizations deemed best placed 'to raise the finance and bear the risk associated with a Payment-by-Results model' (Wiggan 2015, p. 128). Accordingly, we might summarize the past decade of quasi-market reform in both countries as an experiment in whether commercialisation and OBC can enhance not only the efficiency but also the personalization of PES.

Our findings suggest that the UK reforms had greater success in embedding financialized discretion at the frontline. Our data indicate only a very minor increase in the outcomes-orientation of Australian frontline staff, or the perception that they were under organizational pressure to generate revenues from job placements. This perhaps reflects the more moderate embrace of Payment-by-Results in Australia.

Although it is important to note that the outcomes-orientation of frontline staff was already higher in Australia than in the UK prior to the WP and Jobactive reforms. Likewise, despite the reform emphasis on reducing service prescription under both the JSA and Jobactive models, we find no evidence of increased administration discretion at the Australian frontline. If anything, we find the opposite with fewer Australian frontline staff feeling empowered to use their judgement when working with clients.

One explanation for the lack of personalization in the Australian system could therefore be frontline staffs' restricted autonomy to flexibly work with clients, as opposed to implementing standardized approaches specified in procedural guidelines. Many critics of Australia's privatized welfare market have made more or less this argument, pointing to the level of 'over specification' and heavy compliance burden imposed upon providers by the purchaser (Finn 2011; Marston and McDonald, 2008). While no doubt part of the reason, our UK comparison suggests that we need to be cautious about this kind of explanation for why OBC does not produce the levels of tailoring intended.

Unlike in Australia, we do see evidence of greater administrative discretion in the UK. Frontline staffs' reported leeway to make decisions about programme referrals and to use their own judgement to determine what activities to recommend did indeed increase under the WP, along with their perceived accountability for client-outcomes. The mechanisms through which OBC purportedly drives personalization—greater implementation autonomy allied to increased accountability for outcomes—were evident at the UK frontline. Yet, when we consider indicators of tailoring at the practice level, such as different jobseekers receiving different services, levels of contact with employability and flanking social services, and caseloads, we find little evidence of enhanced personalization — either compared to previous UK programmes or Australia. Regardless of the differences in reported administrative discretion, the two countries' welfare-to-work systems converged over the study period in terms of the menu of support delivered to jobseekers. Administrative discretion, enacted and financialized through the instrument of Payment-by-Results, did not produce substantive personalization or even much variation from what is delivered in highly specified 'work-first' PES markets.

This finding underscores the importance of governance conditions in mediating frontline workers' administration discretion (Rice et al., 2018). The comparison between the UK and Australia is particularly salient here. The policy settings in relation to 'work-first' activation are broadly similar and many of the same organizations were significant players in both PES markets. While we cannot verify it empirically, it is plausible that this conjunction of market players brought with it a convergence in operational practices.

One potential limitation of our study is that the findings relied on the *self-reported* practices and orientations of frontline staff. The survey instrument did not capture frontline workers' actual behaviours in the way that ethnographic studies might (cf. Brodkin 2011; Jordan 2018). Relying on frontline workers' self-reported experiences may be subject to some recall bias and the risk that respondents' will over-estimate their own agency as workers (see Considine et al. 2019). Nevertheless, we do not consider this to be a major issue. Frontline staff are well practiced at describing their work and reporting it in various organisational contexts. Any biases in the data are likely to be small and will tend to be generalized across the sample in each country and between surveys. Hence they are unlikely to undermine the trends in the comparative analysis over time, or between Australia and the UK.

Another limitation is that we have not considered changes in the characteristics of frontline staff over time, and any impact that this may have had on frontline servicing. Previous studies reporting data from earlier surveys do indeed indicate that de-skilling and de-collectivisation were evident under JN in Australia and, to a lesser extent, during the early 2000s in the UK (Considine and Lewis 2010). However, the demographic profile of survey respondents in both countries has remained broadly stable since 2008 (Considine et al. 2015) so the persistence of standardized approaches over the period of the present study is unlikely to be explained by shifts in the profile of the workforce.

The overall insight to be drawn from the study is the limitations of OBC as a mechanism to secure enhanced personalization. The identification of this type of structural deficiency is one reason why Denmark pulled back from marketization after the high autonomy given providers under its previous national tendering system 'was converted into low-cost delivery models' (Greer et al. 2017, p. 55). OBC

has proven an efficient model for delivering standardized 'work-first' approaches (Bredgaard and Larsen, 2007; Fuertes and Lindsay, 2016). However, the commercial incentives in market models are ill-suited to driving substantive tailoring, which is costly, time consuming, and necessitates the availability of a wide range of employability and flanking social services. This conflicts with the incentives in Payment-by-Results quasi-markets, which render providers' viability increasingly dependent 'on maximising employment outcomes at minimal cost' (Shutes and Taylor 2014, p. 212). OBC engrains a focus on volume rather than quality of services, motivating providers to try to outdo each other at the same 'tried and tested methods' (Larsen and Wright 2014, p. 463) rather than experimenting with personalized approaches that are harder to scale.

#### 6. Conclusion

While the ideal of personalization has become central to welfare-to-work reforms internationally (Rice 2017, p. 468), Australia and the UK are among the countries that have pursued this goal most vigorously through stronger marketization. Through our longitudinal, jurisdictionally comparative research, we have been able to confirm the experience of other OECD countries such as Denmark. Namely, we have demonstrated that the model of financialized discretion underpinning OBC should not be considered a solution to the problem of personalized service provision within the context of a contracted-out service model. This observation holds, even in the case of two different market systems in which policymakers sought to vary the policy settings, including the payment regime, in a range of different ways over time. Policy sharing between the UK and Australia, as well as the fact that many of the same delivery agencies were active in both markets during the period of our study, may account for some of the observed similarities. However, ultimately, there is no strong evidence to support the proposition that Payment-by-Results is consistent with, or able to drive, meaningful personalization at the welfare-to-work frontline.

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**Table 1: Survey Sample** 

		Age	Agencies			
	Public	Not-for- profit	For-Profit	Mixed	Respondents	Response
AUS-2008		26	7		1,512	44%
AUS-2012		18	7	1	1,264	45%
AUS-2016		20	11	1	1,233	35%
UK-2008	1	5	5		1,196	45%
UK-2012	1	4	3	1	564	N/A
UK-2016	1	7	6	1	521	26%

Note: The response rate is based on the number of actual responses as a total of all eligible frontline staff working within the participating organisations. In 2012, it was not possible to estimate a response rate for the UK due to insufficient information about the number of frontline staff employed by participating providers.

**Table 2: Outcomes-orientation of frontline staff** 

	Year(N)	1.Strongly	2.Agree	3.Neither	4.Disagree	5.Strongly	Mean Rank
		Agree				Disagree	
		I do tend to take i	note of those ac	tions with jobs	seekers that will	generate a payable	outcome
AUS*	2008(884)	15.7	56.2	18.2	8.4	1.5	1177.58
	2012(831)	13.6	52.8	21.3	10.3	1.9	1255.29
	2016(737)	14.5	50.7	23.9	9.1	1.8	1252.72
UK*	2008(879)	6.1	33.4	33.0	22.6	4.8	761.47
	2012(282)	12.1	30.5	29.4	21.3	6.7	734.99
	2016(319)	12.5	36.1	28.5	14.7	8.2	687.57
		I am aware that n	ny organization	pays attention	n to the income	I generate by placin	g clients
AUS*	2008(883)	30.2	53.8	11.7	3.4	0.9	1230.17
	2012(836)	34.4	50.4	11.8	2.5	0.8	1179.46
	2016(738)	30.2	47.4	16.7	4.2	1.5	1283.71
UK*	2008(878)	18.0	38.7	23.1	12.8	7.4	765.52
	2012(284)	22.9	35.6	21.1	15.1	5.3	734.31
	2016(322)	27.6	35.1	19.9	12.1	5.3	686.97
		In my job, I am N	OT influenced l	by numerical t	argets		
AUS*	2008(887)	4.3	12.3	12.4	46.3	24.7	1213.99
	2012(850)	3.3	12.7	15.1	43.1	25.9	1213.17
	2016(756)	3.4	8.1	13.4	43.4	31.7	1323.77
UK	2008(879)	3.4	11.9	11.9	44.8	27.9	770.11
	2012(290)	5.9	15.9	12.4	39.7	26.2	717.57
	2016(329)	6.4	12.2	13.7	43.2	24.6	722.57
		1.Not all	2.Somewhat	3.Quite	4.Very		Mean Rank
				influential	Influential		
		How influential is	s the 'need to ge	et an outcome	quickly' in dete	rmining what activit	ties are
		recommended					
AUS*	2008(n=1152)	17.0	39.3	26.9	16.8		1578.14

	2012/ 004)	20.1	41.1	26.6	12.2	1.460.00
	2012(n=994)	20.1	41.1	26.6	12.2	1468.90
	2016( 026)	1.6.6	20.1	22.5	10.0	1572 51
	2016(n=936)	16.6	38.1	32.5	12.8	1573.51
UK*	2008(N=988)	28.5	33.9	22.3	15.3	831.54
UK	2008(14=966)	20.3	33.9	22.3	13.3	031.34
	2012(n=340)	26.2	33.8	25.0	15.0	855.47
	2012(n=3 10)	20.2	33.0	23.0	13.0	055.17
	2016(n=395)	14.9	38.0	33.9	13.2	943.82
	()					, .c.o_

**Note**: Asterisk beside country denotes whether changes within country over 2008-16 are statistically significant at the 0.05 level. Mean rank scores were equivalents of T-test statistics, applicable to data with non-normal distribution (e.g. category, order and rank).

**Table 3: Frontline Discretion** 

Y	'ear(N)	Strongly	Agree	Neither	Disagree	Strongly	Mean
		Agree				Disagree	Rank
		When it comes	to day-to-da	y work, I am j	free to decide	for myself what I will do	with each client
AUS*	2008(897)	18.4%	44.1%	14.8%	18.4%	4.2%	1174.71
	2012(852)	10.6%	49.6%	18.9%	17.6%	3.3%	1238.93
	2016(754)	9.8%	39.8%	24.0%	21.9%	4.5%	1358.72
UK*	2008(801)	16.7%	46.3%	12.6%	19.1%	5.3%	771.24
	2012(290)	18.6%	49.0%	12.1%	14.8%	5.5%	732.03
-	2016(327)	18.0%	52.3%	14.7%	11.9%	3.1%	706.42
		I use a lot of pe	ersonal judge	ement to decid	le what is bes	t for each client	
AUS*	2008(887)	17.7%	55.4%	14.5%	10.3%	2.1%	1203.10
	2012(855)	16.4%	51.8%	22.5%	7.3%	2.1%	1247.35
	2016(758)	14.9%	49.6%	22.2%	9.6%	3.7%	1309.52
UK*	2008(879)	22.5%	59.4%	10.6%	6.3%	1.3%	778.07
	2012(292)	28.8%	57.9%	7.5%	3.8%	2.1%	713.80
	2016(329)	32.8%	49.5%	12.2%	4.0%	1.5%	709.43
Country		When I come a	cross someth	ing not cover	red by the pro	cedural guide, I refer it t	o my supervisor
AUS*	2008(887)	34.5%	56.6%	5.3%	3.2%	.5%	1198.10
	2012(851)	28.8%	59.1%	6.5%	4.9%	.7%	1293.15
	2016(755)	33.6%	52.6%	8.5%	3.6%	1.7%	1262.25
UK	2008(883)	15.6%	55.7%	13.7%	13.0%	1.9%	1198.10
	2012(293)	16.7%	57.0%	11.6%	11.9%	2.7%	1293.15
	2016(329)	23.4%	48.0%	14.0%	8.8%	5.8%	1262.25
		Our computer s	system tells r	ne what steps	to take and w	hen	
AUS	2008(887)	5.1%	42.3%	23.8%	23.0%	5.9%	1268.20
	2012(883)	6.6%	43.8%	24.4%	22.0%	3.2%	1203.92
	2016(736)	6.7%	41.6%	28.8%	19.8%	3.1%	1208.47

UK*	2008(876)	8.3%	31.6%	20.3%	26.4%	13.4%			709.62
	2012(283)	5.3%	25.4%	25.1%	29.7%	14.5%			772.27
	2016(321)	5.0%	23.4%	23.7%	33.3%	14.6%			796.76
		No say at all	Some	Moderate	A good	A very great			
			say	say	deal				
		Say over how y	ou engage v	vith clients					
AUS*	2008(1068)	2.3%	11.0%	16.6%	44.5%	25.7%			1379.47
	2012(827)	3.5%	14.6%	18.0%	41.6%	22.2%			1277.49
	2016(744)	3.5%	13.0%	20.7%	39.8%	23.0%			1281.88
UK	2008(885)	4.0%	17.3%	12.8%	38.8%	27.2%			756.71
	2012(279)	4.3%	17.9%	17.2%	38.7%	21.9%			705.34
	2016(334)	3.0%	11.1%	17.1%	45.5%	23.4%			767.29
		Very little	2	3	4	5	6	A	
								great	
								deal	
		How much leev	vay do you h	nave in decidin	g which pro	gramme/activity	your clien	ts should	be
		assigned to?							
AUS*	2008(1032)	8.7%	12.2%	10.5%	19.0%	27.1%	17.1%	5.4%	1274.35
	2012(887)	5.3%	6.0%	10.5%	25.4%	25.7%	17.6%	9.6%	1413.68
	2016(789)	5.4%	6.8%	12.3%	21.5%	27.8%	18.1%	8.0%	1392.81
UK*	2008(921)	15.1%	10.1%	8.8%	13.7%	21.9%	16.3%	14.1%	755.20
	2012(308)	11.4%	5.8%	7.8%	16.9%	26.3%	16.9%	14.9%	811.91
	2016(363)	9.6%	5.8%	5.0%	16.0%	22.3%	20.4%	20.9%	888.21

**Note**: Asterisk denotes whether changes within country over 2008-16 are statistically significant at the 0.05 level.

Table 4: Statistically significant differences between UK and Australian respondents on discretion and personalization

	2008	2012	2016
Discretion			
Free to decide what to do with each client		Yes	Yes
Free to decide what to do with each cheft		(+UK)	(+UK)
Use a lot of personal judgement in their jobs	Yes	Yes	Yes
Ose a for or personal judgement in their joos	(+UK)	(+UK)	(+UK)
Refer things not covered by the procedural guide to supervisor	Yes	Yes	Yes
Refer things not covered by the procedural guide to supervisor	(+AUS)	(+AUS)	(+AUS)
Computer system tells them what stone to take with alients and when	Yes	Yes	Yes
Computer system tells them what steps to take with clients and when	(+AUS)	(+AUS)	(+AUS)
Company of Park	Yes		
Say over how they engage with clients	(+AUS)		
	Yes	Yes	Yes
Leeway over which activities to assign clients	(+UK)	(+UK)	(+UK)
Personalization			
A	Yes	Yes	
Agency emphasize giving clients more CHOICE	(+UK)	(+AUS)	
All and alients are size a similar comics	Yes		
All my clients receive a similar service	(+UK)		
	Yes		
Jobseekers' preferences are influential	(+UK)		
Desirions determined by standard con-construction	Yes	Yes	Yes
Decisions determined by standard programme rules	(+AUS)	(+AUS)	(+AUS)
	Yes	Yes	Yes
Frequency of contactwith employers	(+AUS)	(+AUS)	(+AUS)
		Yes	Yes
with training providers		(+AUS)	(+AUS)

		Yes	
with welfare agencies		(+AUS)	
	Yes		Yes
Caseworker-client ratio	(+AUS)		(+AUS)

Note: Where differences are significant, the country reporting higher agreement with the items on discretion, frequency of contact with stakeholders, or higher mean caseloads is shown.

**Table 5: Personalization** 

		None/				4 5		A	Mean
	Year(N)	Very little	2	3	4	5	6	great deal	Rank
			ıcy emphasi:	ze giving clien	nts more CHO	ICE about th	e services 1		e
AUS	2008(1006)	1.9%	7.7%	11.8%	22.8%	26.7%	18.9%	10.2%	1318.87
	2012(897)	1.7%	5.9%	8.2%	27.3%	25.8%	16.3%	14.8%	1387.08
	2016(803)	4.0%	5.6%	10.6%	23.2%	24.3%	19.1%	13.3%	1359.36
UK*	2008(926)	2.3%	5.7%	10.4%	20.5%	23.1%	18.0%	20.0%	816.90
	2012(313)	6.4%	9.6%	13.4%	19.8%	22.7%	12.1%	16.0%	696.58
	2016(350)	2.3%	6.6%	7.7%	19.7%	25.4%	20.0%	18.3%	825.58
		Decisions y	ou make ab	out your clien	ts are determi	ned by stando	ard progra	mme rules	and
		regulations	?						
AUS*	2008(933)	.6%	1.6%	3.8%	11.3%	26.5%	38.0%	18.2%	1256.61
	2012(893)	.2%	.8%	3.2%	17.9%	24.3%	26.4%	27.1%	1282.69
	2016(799)	.5%	.4%	2.3%	12.0%	22.7%	31.4%	30.8%	1412.73
UK	2008(923)	1.4%	2.2%	5.2%	14.1%	25.0%	25.5%	26.7%	812.12
	2012(309)	2.3%	3.2%	5.5%	15.5%	22.3%	27.2%	23.9%	780.54
	2016(363)	2.2%	1.7%	5.2%	15.4%	27.0%	25.3%	23.1%	776.97
		Strongly	Agree	Neither	Disagree	Strongly			Mean
		Agree				Disagree			Rank
		All my clien	ıts receive a	similar servic	ce				
AUS	2008(884)	24.5%	54.1%	6.7%	12.2%	2.5%			1206.47
	2012(835)	21.1%	54.0%	9.6%	12.8%	2.5%			1267.82
	2016(739)	25.2%	50.7%	11.9%	10.3%	1.9%			1213.75
UK*	2008(879)	32.7%	55.2%	4.3%	6.7%	1.1%			718.00
	2012(283)	27.6%	52.3%	8.1%	8.8%	3.2%			790.20
	2016(319)	32.9%	45.8%	9.1%	11.0%	1.3%			760.73

		Not at	Somewh	Quite	Very			
		all	at	influential	influentia			
					1			
		Jobseeker	s' preferences	s are influentia	ıl in determinin	ıg what act	ivities they are	recommended
AUS*	2008(1156)	4.2%	37.0%	47.0%	11.9%			1396.70
	2012(991)	2.0%	25.8%	52.7%	19.5%			1651.30
	2016(936)	2.1%	29.0%	49.9%	19.0%			1605.73
UK*	2008(985)	2.7%	24.6%	46.3%	26.4%			892.13
	2012(339)	2.4%	32.7%	48.4%	16.5%			783.57
	2016(395)	1.8%	28.6%	48.1%	21.5%			845.47
		Daily	Weekly	Monthly	Quarterly	Less	Never	Mean
						than		Rank
						quarterl		
						y		
		Frequency	of contact	with employer	S			
AUS*	2008(n=1161)	40.1%	33.1	12.8	2.9	5.7	5.4	1463.11
	2012(n=972)	36.5%	35.2	15.3	3.7	4.7	4.5	1504.12
	2016(n=886)	35.1	31.4	16.6	3.8	5.8	7.3	1577.89
UK*	2008(n=959)	29.6	33.6	16.6	3.9	8.1	8.2	776.51
	2012(n=326)	18.1	26.4	22.1	5.8	10.7	16.9	961.02
	2016(n=379)	24.5	28.2	20.1	8.4	8.2	10.6	863.62
		with tra	ining provide	ers				
AUS*	2008(n=1157)	18.0	48.4	20.4	5.4	3.9	3.9	1497.71
	2012(n=973)	22.5	47.6	18.6	4.3	3.7	3.3	1405.54
	2016(n=887)	14.3	44.0	25.1	5.4	5.4	5.7	1637.21
UK*	2008(n=956)	26.4	33.9	19.5	7.9	7.1	5.2	793.92
	2012(n=327)	17.1	44.6	22.3	4.0	5.2	6.7	821.55
	2016(n=375)	13.1	36.3	25.3	10.7	7.7	6.9	927.13

		with welj	fare agencies					
AUS*	2008(n=1152)	6.6	26.9	24.7	12.7	15.2	13.9	1611.63
	2012(n=965)	11.6	35.2	26.2	8.7	9.7	8.5	1327.69
	2016(n=873)	5.2	30.6	30.0	11.1	12.0	11.1	1527.75
UK	2008(n=958)	6.8	25.6	24.3	12.6	20.8	9.9	841.03
	2012(n=326)	8.0	24.2	28.5	11.7	16.6	11.0	819.40
	2016(n=379)	6.6	21.6	32.2	16.6	15.6	7.4	820.01
		Mean	Std De	eviation				
		Clients on	respondents'	caseload				
AUS*	2008(n=590)	93.67	34.50					
	2012(n=770)	114.21	50.01					
	2016(n=614)	147.6	57.8					
UK*	2008(n=655)	56.88	40.75					
	2012(n=259)	117.61	61.55					
	2016(n=323)	94.7	48.8					

**Note**: Asterisk beside country name denotes whether changes within country over 2008-16 are statistically significant at the 0.05 level.

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