

Austerity stabilised through European funds: the impact on Slovenian welfare administration and provision

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Introduction

An increasing body of research demonstrates that a move of European social models towards workfare has resulted predominantly in increasing flexibility, diminished security and growing precarity across Europe (Greer, 2015; Greer and Symon, 2014; Heyes, 2011). This move also entailed a multilevel, multidimensional and multistakeholder coordination, which poses significant challenges to administration and provision of welfare as it requires new capacities in the form of sufficient financial and staff resources, differentiated and flexible procedures and new professional norms (Heidenreich and Rice, 2016). These pressures and challenges have further intensified after the global economic crisis that contributed to even stricter economic and budgetary surveillance and fiscal discipline of member states, accompanied by even tighter workfarist social policy prescriptions supported by European funds (Erne, 2015; Heyes, 2011; Heyes and Lewis, 2015).

Europeanisation research has already scrutinised the impact of EU financial resources (both European funding and budgetary constraints) upon national and local actors in welfare administration and provision (Bonnet, 2016; Catalano and

Graziano, 2016; Nay, 2002; Verschraegen et al., 2011). It demonstrates that European funds act as the main EU financial resource that reinforces centralisation, turning the state into an intermediary in need of a changed state apparatus that administers and manages these funds and their project forms (Catalano and Graziano, 2016; Nay, 2002). Nevertheless, its explanatory power does not capture how these resources affect work organisation and employment relations.

By contrast, (comparative) employment relations studies have shown the implications of funding regimes on labour-management relations and growing precarity within the welfare sector (Cunningham, 2008; Cunningham et al., 2013; Greer et al., 2010; Greer et al., 2014), but they have focused solely on western European countries that were less impacted by EU financial resources. In this regard the research highlights the specificity of new post-socialist EU member states that were during and after the enlargement much more pressured to engage in institutional reorganisation in order to use European funds (Bonnet, 2016; Catalano and Graziano, 2016; Meardi, 2016). Moreover, the Lithuanian case study demonstrates that with the economic crisis European funds began to act as a stabiliser for EU-induced austerity measures (Juska and Woolfson, 2015). This paper examines the case of Slovenia that has faced increasing budgetary pressures to introduce fiscal discipline and adopt austerity measures after the economic crisis, which has caused a decline in welfare spending and an increased dependence upon the European Social Fund (ESF) in welfare administration and provision (Kobal-

Tomc et al., 2015; Smolej-Jež et al., 2015). It examines how austerity, stabilised through European funds (especially the ESF), affects institutional change, work organisation and employment relations within the Slovenian welfare administration and provision.

It has already been well documented how project financing increases precarity within the non-governmental sector (Cunningham, 2008; Cunningham et al., 2013), but there is still little understanding of how this impacts the public sector. In order to fill this void, this paper also draws on scholarship that explores the shift from bureaucratised to project-based modes of work organisation and how this imposes changes on the welfare state and translates into a person's ability to extract value in terms of salaries and other rewards (Boltanski and Chiapello, 2007; Kristensen, 2013). While there is some evidence that austerity, stabilised through European funds, creates a new privileged type of public servants (Juska and Woolfson, 2015), there is still little known about what human resource challenges the ESF projects bring and how they affect workforce within the public and third sector welfare administration and provision.

This paper demonstrates that austerity measures, stabilised through EU funds, have increased the intermediary role of the state and changed its mode of organising for the purpose of administering and managing EU funded projects. Consequently, this has altered human resource composition and spread insecure project-based modes of work organisation to all segments of welfare administration and provision. It

shows that EU-funded precarious project work not only characterises non-profit providers but also public-sector providers and, together with austerity measures increases the precarity of their overall workforce and frustrates young and excluded workers' transition into permanent jobs. The following sections present a theoretical underpinning of this research and a discussion of the methods and sample used. This is followed by the presentation of findings and finally, the conclusion summarises the paper's main arguments, contributions and implications.

The impact of European financial resources on welfare administration and provision

The Europeanisation literature has already examined how the EU has changed national, regional and local political configurations by providing both material and non-material resources to political actors. However, only a few studies have emphasised the prominent role of the European funds and their impact on national and local actors (Bonnet, 2016; Catalano and Graziano, 2016; Nay, 2002; Verschraegen et al., 2011). This scholarship has highlighted that European funds act as the main EU resource in disseminating EU policy perspectives and ideas to national employment and social policies in various diverse countries explored. It also points to the fact that they increase rather than decrease centralisation and institute unsustainable project modes of organising provision. While this scholarship is successful in shedding light on institutional adjustment, reconfigured power

relations amongst national and local actors, their perceptions of European financial resources and policies and their diverse interests, it falls short of providing a deeper understanding of its impact on work organisation and employment relations within welfare administration and provision.

This paper thus also draws on (comparative) employment relations scholarship that has explored the impact of funding regimes on employment relations. In this regard, Greer et al. argue that with the increase of marketisation in the governance of public services *'it is increasingly the funding regimes, rather than the industrial relations systems, that determine the course of labour-management relations'* (Greer et al., 2010: 1). A substantial body of research has confirmed that employment implications of public service outsourcing are fundamentally shaped by the nature of the funding regimes involved that put pressures on employers to reduce labour costs and undermine job security, terms and conditions of work and increase precarity (Cunningham, 2008; Cunningham et al., 2013; Greer et al., 2010; Greer et al., 2014). This research has focused on the effects of funding regimes on employment in the welfare sector within western European countries, where the European funds have been less prominent in influencing institutional and policy changes and where any cuts to public funding were home grown rather than pressured through European institutions. By contrast, this paper examines the employment implications of

changing funding regimes within the Slovenian welfare administration and provision, characterised by fiscal discipline and increasing reliance upon the ESF.

The Europeanisation literature highlights the specific position of post-socialist EU member states, which have, due to their historically different socio-economic regimes and recent integration into the EU, acted as the recipients of 'downloaded' policy prescriptions and have as such been under much greater pressure to engage in institutional reorganisation in order to use funding (Bonnet, 2016; Catalano and Graziano, 2016). Before the enlargement Europeanisation was implemented through *hard acquis communautaire* and after the enlargement it continued in the form of *soft acquis* through benchmarks, targets and non-binding recommendations. These recommendations were in the social and employment area guided by the European Employment Strategy and its shift towards a flexicurity agenda that has had a further deregulatory function in CEE countries, because many of them had already suffered from excessive 'flexibility', while the 'security' side of it was hampered by structural long-term unemployment and budget constraints (Meardi, 2016).

After the economic crisis the EU's primarily soft approach also became much more invasive. The Stability and Growth Pact was reformed in 2011 under the Open Method of Coordination and new legal mechanisms (the so-called Six Pack) have been introduced to obtain stricter economic and budgetary surveillance and fiscal discipline of member states (Erne, 2015). These new rules enabled an unprecedented

centralisation of power to the EU institution. Moreover, the introduction of the European semester led to a more detailed and prescriptive approach to social policy reforms through Country Specific Recommendations (CSRs). Since 2011 these have enabled EU institutions to oblige member states to use social policy as a means of affecting economic adjustments (Heyes and Lewis, 2015).

In the context of budget constraints the implementation of CSRs became possible through the ESF that enabled a move from passive to active labour market policies (Bonnet, 2016; Meardi, 2016). This has further intensified after the economic crisis, when European funds began to act as a stabiliser for EU-induced austerity measures, as is shown in the case of Lithuania (Juska and Woolfson, 2015). Likewise, in Slovenia an increasing use of European funds is linked to fiscal discipline and the consequent imposition of austerity measures after the economic crisis. Austerity measures reduced the budget for social protection programmes (Smolej-Jež et al., 2015); and a series of intervention laws capped employment in the public sector, reduced pay, prevented promotions and set targets for one per cent yearly reduction of those employed within the public sector overall¹. Consequently, its welfare provision became poorly resourced and dependent upon the ESF.

¹ Intervention measures, Ministry of Public administration website, accessed 12.3.2016:
http://www.mju.gov.si/si/delovna_podrocja/place_v_javnem_sektorju/interventni_ukrepi/

The ESF absorption increased from two per cent in 2007 to 95 per cent in 2015². It has been used to cover 50-60 per cent of Active Labour Market Policy (ALMP) provision and in the 2014-2020 perspective has also been projected to increase by 22 times within social care provision³. While research shows that a modest use of the ESF has positive effects on employment policies in countries and regions with fewer social problems and more domestic resources (Catalano and Graziano, 2016; Verschraegen et al., 2011), its role as a stabiliser of austerity measures opens up new questions regarding institutional challenges and pressures to develop new forms of work organisation and human resource capacities to manage European project funds.

With the use of European funds the state becomes an intermediary coordinator and arbiter between the European Commission (EC) and national and local institutions and organisations that implement these policies through the use of these funds (Nay, 2002). While this increases the central role of the state, it can weaken its role as a policy maker as well as the role of local actors. For instance, in Poland the ESF has been used by the state to reinforce control over district labour offices, while weakening them at the same time through their increasing dependence upon unsustainable European funds (Bonnet, 2016: 4212). In particular, the 'project method' to which the EU funding is linked has been singled out as having increased

² 2007-2013 EU Funds Absorption Rate Dataset, Accessible on: <https://cohesiondata.ec.europa.eu/dataset/2007-2013-Funds-Absorption-Rate/kk86-ceun/data> (26.10.2016)

³ Guidelines for the provision of active labour market policies for the period 2016-2020 and Resolution on the National Social Care Program for the period 2013-2020](ReNPSV13-20, Uradni List, Nr. 38, 6.5.2013, pg. 4685

the cognitive and institutional challenges in terms of acquiring the know-how and introducing organisational change to deal with EU projects and enhance possibilities for acquiring EU financial resources (Catalano and Graziano, 2016: 199). This paper examines how increasing reliance upon temporary ESF projects impacts institutional change, what human resource and organisational challenges does this project financing bring and how it affects the workforce within welfare administration and provision.

Various project financing and organising forms have always characterised voluntary and non-governmental organisations and the pressures upon its project-financed workforce have already been documented (Cunningham, 2008), but there has been less scrutiny of how this affects public sector welfare administration and provision. A useful starting point to explore the wider effects of project modes of work organisation is offered by Boltanski and Chiapello (2007) in *The New Spirit of Capitalism*, where they discuss the new logic of justification that marks a shift from bureaucratised to project-based modes of work organisation that also impose changes to the structures of the welfare state. They convey this shift through the metaphor of a 'projective city' that refers to the society that is organised in a project form in which the key measurement of value becomes one's activity, mobility and the ability to engage in temporary projects.

While this work organisation includes risks and uncertainty, it can also bring high material and self-fulfilling rewards. It includes and rewards those who participate in networks, are highly mobile and capable of moving between economic and geographical spaces and thus have the ability to integrate into new projects, which in itself becomes a sign of a higher social status (Boltanski and Chiapello, 2007). For instance, in Lithuania the needs to administer EU-funded projects created a new 'EU-financed nomenklatura', a privileged new type of public servant with high levels of social and cultural capital that is accumulated through transnational networks and enables upward social and professional mobility (Juska and Woolfson, 2015: 243). While the new EU-funded public management can act as an indispensable mediating link between international institutions and local providers, ESF's projective form of organising might not bring the same rewards to other workers within the public welfare provision. Projective work organisation favours mobile elites, who can extract profits by calling on the cheap labour of the immobile (Kristensen, 2013). This paper thus scrutinises how the ESF and its project modes of work organisation affect the workforce within the public and third sector welfare administration and provision.

Methods and sample used

This paper is based upon the analysis of legal and policy documents on the EU and national levels and 27 in-depth individual and group semi-structured interviews with policy makers, welfare providers, researchers, trade unionists and activists.

Documents consisted of agreements between Slovenia and the EU, Operational Programmes (OPs) and new regulations on the use of EU cohesion policy, national programmes for social and active labour market policies and evaluations of these programmes.

Of the 27 interviews 11 were conducted within third sector organisations, such as Non-Governmental Organisations (NGOs), non-for profit organisations, institutes and disability enterprises that varied in size and provided social inclusion and activation projects and programs for various vulnerable groups as well as one umbrella NGO. Five interviews were conducted in public Centres for Social Work (CSWs) and Employment Services of Slovenia (ESSs) that manage and provide social and active labour market policy programs and projects. Four interviews were conducted with public servants, researchers and policy makers at different ministries, governmental departments and other public bodies. Six interviews were conducted with activists and trade unionists and one interview was also conducted with a public servant at the EC. Some additional or follow-up information was also obtained through informal, telephone or email communication. All together this includes over 40 informants most of whom were women and less than one third were men. Fieldwork was conducted in Slovenia and Brussels between May 2014 and October 2015 that marks the transition period from the 2007-2013 to 2014-2020 EU financial perspective.

Interviews lasted from one to two hours. They explored the changes that occurred with regards to financing, procurement of and the provision of welfare since the adoption of austerity measures that became stabilised by European funds. In this regard the research probed empirical changes this caused to public administration, policy making and welfare provision; particularly the changes in work organisation and their effects on the workforce within welfare provision and on those transiting into these jobs. The findings are presented below.

The impact of austerity and European funding on Slovenian state institutions and their human resource capacities

Slovenian social and active labour market policy provision is defined by a purchaser/provider split, in which the EU, national ministries, local municipalities and institutions of social insurance act as regulators and financiers and public, private non-profit and non-governmental organisations act as providers. As argued earlier the European soft acquis has considerably changed since the economic crisis, which was particularly felt in countries that were affected by budgetary constraints and consequently became more dependent upon EU financial mechanisms. In this regard the public servant explains how after the crisis EU funds have become conditional on CSRs thus, in the context of austerity measures, increasing Slovenian dependence upon external sources of funding and undermining its sovereignty in policy making:

'They are now conditioning the EU funding with the recommendations written by the EC and confirmed by the state on the EU Council...so it was either take it or leave it...if you want European funds you lose your sovereignty, if not you can keep it...but we are co-dependent...because of austerity the financing is moving from integral state funds towards European funds.' (Co-ordinator at the ministry)

The above quotation suggests that in Slovenia too EU funds act as a stabiliser of austerity measures and a tool for implementing EU policy prescriptions. In the context of austerity measures EU funds decrease policymakers' ability to plan sustainable domestic policies: *'Since the national funds have been decreasing, we decided to use the ESF. Then there was a dilemma: "What will happen in 6-7 years?" ... It is a real problem because there is no national strategy that would define what stays under the national frame and what can be covered through the ESF'* (Former policy-maker/researcher at the institute)

This financial and consequent policy dependence further increases the intermediary role of the state. The intermediation is defined within the Regulation on the Use of EU Cohesion Policy⁴ in which the Government Office for Development and European Cohesion Policy (GODECP) acts as a managing authority and takes the role of *'a sort of an editor'* (public servant at GODECP) of the OP. Moreover, the Ministry of finance becomes a supreme ministry that considers all policies through the prism of fiscal discipline and economic (in)efficiency. Other ministries act as

⁴ The Regulation on the use of EU cohesion policy in Slovenia in the 2014-2020 programming period for the Investment for Growth and Jobs, accessed 12.3.2016:
<http://www.pisrs.si/Pis.web/pregledPredpisa?id=URED6816>

intermediary bodies and the implementing authorities are indirect users of the regulations governing public finances. This substantially changes the role of national institutions and their capacities.

In the context of austerity measures and increasing shrinkage of integral funds ministries no longer act only as procurers of welfare services but also as competitors for European funds:

'In relation to the crisis there is a big difference between the programming of this and the previous financial perspective, when internal funds were still available... Since the internal funds are limited there has been a competition between ministries to secure pieces of the cake.' (Public servant at the GODECP)

The state's new intermediary function combined with austerity measures turns previous procurers into purchasers of European funds. These new roles taken by ministries also increase demand for particular administrative skills to obtain and manage external sources of funding. They require new types of public servants, who act as mediators between the EU and national levels and are responsible for co-ordinating projects and translating new transnational regulations:

'All the procedures are very complex and seem alien, because they impose additional regulations directed by the EU, so that every ministry has or had to establish such a co-ordination division...we are a kind of mediator between the EU, other outside institutions and our colleagues.' (Co-ordinator at the ministry)

The ministry responsible for social and active labour market policies has a Bureau for Implementing Cohesion Policy that employs over 50 persons, who either co-ordinate or monitor the use of the ESF or act as technical support for individual projects. These new mediators operate as *guardians* of European funds, which put them in a powerful position to shape policies: *'Since we are kind of guardians of European money, we have the right to shape things'* (co-ordinator at the ministry). As guardians of much-needed European funds they have a privileged social status recognised through the increasing need of their mediating skills that brings them job security, high rewards and also enables their transnational professional mobility between the Slovenian and the EC administration. Those who leave to work for the EC are well-paid, often leave because they were unsatisfied and thus become loyal EC servants: *'They don't think that seemingly harmless recommendations might mean that we will have to accept certain concessions because these recommendations were accepted...They are well-paid, they mostly went there because they were unsatisfied in Slovenia and they won't move....Those cadres there are very loyal.'* (co-ordinator at the ministry)

Through the EU's shared fund management these EU-funded and EU-loyal bureaucrats can easily distance themselves from national and local impacts of CSRs accepted at the EU level. While they reap high symbolic and material rewards, the responsibility for implementation falls upon national policy makers, who struggle with increasing bureaucratisation and decreasing capacities:

'We are somehow starved of human resources. This is a big problem because you have to do all the administrative work and then there is lack of time for various investigations. We would need expert training, expert excursions, to search for good practices. ...and also the funds for material costs, such as fieldwork, have shrunk...and this has been going on for 4-5 years now...here we are regressing' (Public servant at the ministry).

In the context of austerity measures and an increasing need to strengthen the coordinating and mediating function of public administration, traditional policy cadres face work intensification and are losing their capacity to professionally engage in domestic policy development. How EU financial resources affect the public and third sector welfare providers is explored in the following sections.

The shift from stable to insecure project forms of work organisation in public sector welfare provision

Social and labour market policies in Slovenia have traditionally been provided by public CSWs and the ESS. Both public institutions still today play a major role within social and ALMP provision at national and local levels and together with various third sector organisations form a network of public welfare provision.

Since the economic crisis CSWs have faced both increased and more complex user base and gained new tasks and workloads, while due to austerity measures they have experienced severe labour shortages (Kobal-Tomc et al., 2015). In this context

the ESF has become one of the main financial resources for increasing their human resource capacities: *'I think they see European money as a way to create some new jobs...since new employments have been limited for some time now, the CSWs have big problems, because they lack time and resources to deal with users.'* (Former policy-maker/researcher at the institute)

Although the ESF is not intended for the creation of jobs it is, in the context of austerity measures, also used for meeting increasing human resource needs. While CSWs gained new tasks that would, in line with professional norms and standards, demand approximately 286 additional employees, they *'accepted the offered number of 150 [covered by the municipal or state budget] plus 62 informants covered by the ESF project, for whom it was then said that they will stay at CSWs after the end of that [financial] period.'* (Trade unionist). Austerity measures thus weaken CSWs' power to address human resource needs according to professional norms and standards, while the ESF can only cover temporary human resource shortages that support structural adjustments and innovation defined within pre-set agreements and temporary limited financial cycles:

'After one year these informants [62] were no longer needed, but CSWs wanted more, they wanted to keep these people...but there was no funding available, so they pressed and then we introduced an added value... this programme finished this year and the contracts of these people are coming to an end and CSWs are pushing again...but the new OP cannot

cover that...we will never support a programme that we know it won't go through the OP that we have agreed with the EC.' (Co-ordinator at the ministry)

The above quotation demonstrates that through the ESF human resource needs are based on available funding, rather than emerging needs. It also points to the creation of a new insecure project-dependent public sector workforce that had been moving from one temporary project-based contract to the next and was finally dismissed in June 2015, when the funding from the previous financial perspective ended⁵. When temporary contracts are linked to projects there is also no 2-year legally imposed limit that otherwise stands for these contracts on the same workplace. Moreover, a trade unionist reveals that the most experienced and skilled permanent staff were incentivised by higher pay and false promises to move onto projects:

'These workers were supposed to have more additional skills and knowledge than the average expert worker who worked under new legislation...therefore it was agreed that these workers are ranked on higher pay ranks...This work was thus mainly taken by workers, who were already employed at CSWs and they were replaced by new employees. The problem was that it was said to them that they will keep employment after the project ends. Somehow more resourceful directors kept them on permanent contracts and employed new staff on temporary contracts. In any case they were forced to lay off workers after the end of the project.' (Trade unionist)

⁵ RTV Slovenia News, accessed 12.3.2016: <http://www.rtvsllo.si/slovenija/centri-za-socialno-delo-bodo-ostali-brez-strokovnih-delavcev/368484#comments>

Although permanent staff might have reaped some temporary material rewards by being moved onto EU projects, continuous austerity measures have seriously threatened or in the worst cases taken away their job security or of the newly employed. Since these jobs are created upon temporarily European funds and pre-set agreements, they also result in constant losing of developed skills and investment into human resources: *I am not against new jobs, but we need to develop clear goals.... This is crazy: just as the person gets the skills and knowledge [it is over]'. (Former policy-maker/researcher at the institute)*

The emerging problems with staff and skill retention are thus offloaded to CSWs' management, who are looking for ways to deal with this unsustainable and retrospective financing. A recent media report⁶ revealed that due to retrospective project financing, the director of one local CSW took out a €110,000 mortgage at the bank in 2012-13 to cover the project expenses and has due to subsequent debt problems failed to pay 4 months' social security insurance and two end-of-year bonuses to employees. An increasing reliance on unsustainable and retrospective ESF funds thus ultimately downloads financial risks onto local institutions and exacerbates employment security for permanent and temporary project-based staff.

Similar developments have been found in ESS, where the best permanent employees were also moved to work on projects, while in the meantime their former posts were abolished:

⁶ <https://www.dnevnik.si/1042725447/lokalno/zasavje-in-posavje/trboveljski-center-za-socialno-delo-delavcem-ni-placal-socialnih-prispevkov>

'Everyone wishes to get the best employees to work on projects, but now they won't get them anymore...last year we experienced a human resource tsunami...they abolished certain workplaces...We have 100 colleagues, who were moved onto projects and whose former workplaces have been abolished' (Public servant at ESS)

This example indicates how increasing dependence upon EU-funded projects could in the worst case scenario also serve to achieve austerity targets for reducing public sector jobs. In the follow-up interview, when most of these projects had already ended, it became clear that trade unions and the new ESS leadership managed to re-employ those who were moved onto projects, but could not retain the newly employed project workers:

'Our colleagues, who were temporarily moved onto projects have returned to their permanent posts. These are the ones that already had permanent contracts...but there are others, who have been employed because of increasing needs...for these there are currently no new jobs envisaged under our regular tasks, but we bid for new projects to gain new colleagues' (Subject area director at ESS)

The example shows that all subsequent jobs will also in the future be created solely through unsustainable project funding. This increases pressure on the quasi-permanent workforce and creates a new type of public sector workforce within welfare provision, whose employment security is linked to unsustainable project funding and whose professional mobility becomes circular rather than upward.

A former ESS worker, who used to be temporarily employed on an ESF project, explained that after its termination, she and another project worker got an eight month temporary contract at another public institution, doing much more bureaucratic work at a similar level. Three other workers continued working at the ESS and two were made redundant. In the follow-up email two months later, she conveyed that she had already signed another temporary contract with different governmental department, while five other members of the former team had been made redundant: *'Now all five of my former colleagues are without jobs. The only one who has remained at the ESS, is the leader of the project'* (Former project worker at ESS).

This example indicates that apart from key mediators, whose value comes in creating new projects and bringing people together, the mobility of newly employed project workers is at best circular from project to project or from one temporary contract to the next and at worst from employed to unemployed status. While the job security of project leaders is shielded by their mediating role, they are equally frustrated because of the constant loss of human resources and their skills:

'We needed to develop a competent team, content and network [with other institutions]...during the summer we prepared two continuation projects, with detailed financial construction, but nothing happened, so we were shut down. The worst thing is that the team will be dispersed...people who are skilled, competent, know the field.' (Project leader at ESS)

This example points to the labour time needed to develop the necessary capacities, skills and networks, as well as inability to preserve these newly-gained capacities due to unsustainable project financing. Despite various attempts to turn this ESF project into a more sustainable programme, it was terminated because it was not one of the priorities in the new financial perspective. Furthermore lengthy interruptions between financial cycles through which EU funds are regulated and managed, make any human resource and other capacities or networks difficult to maintain during transition periods if other sources of funding are not secured. Due to various conditionalities and lengthy procurement procedures new ESF projects could only start running by the summer 2016, which is approximately a year from when the former projects ended⁷. Although ESF is seen by all my informants as useful for developing new and complex services, its combination with austerity measures disables any sustainable programme development and instead shifts financial and workload responsibilities onto providers.

The ESF combined with austerity measures also frustrates young graduates' transition into work. The analysis of the last ESF-funded internship scheme in social care, which lasted from 2010 to 2015, revealed that among 476 finalised internships only 159 interns were employed and this was mainly due to the Law for Balancing Public Finance implemented in 2012 that disabled new employment in the public

⁷Newspaper Delo, accessed 12.3.2016: <http://www.delo.si/novice/ljubljana/druzbeno-koristni-projekti-le-kratkega-diha.html>

sector⁸. Moreover, the coordinator at the ministry reveals that the incentive behind the ESF subsidy for public sector internships is not to integrate interns into public sector jobs, but to prepare them for jobs within an undefined and newly emerging privatised welfare provision:

'The EC reproached us for using so much of ESF for internships in the public sector. Then we made a good bargain, where we said: 'Yes, we do currently invest in the public sector...but our plan is deinstitutionalisation...The plan is to spread and widen social services into the private sector, therefore it makes sense to educate people within the public sector, so they can use this knowledge in the private sector. The EC bought that and now we slowly wait that the private sector starts developing.' (Co-ordinator at the ministry)

While the ministry is waiting for the private sector to emerge through the ESF subsidised privatisation of welfare provision, young graduates have increasingly closed doors to integrate into the labour market. Austerity measures and ESF subsidies for privatising welfare provision further offload financial risks onto third sector organisations, increase the vulnerability of their workforce as well as that of those caught in various transitions.

Third sector organisations: managing financial risks by leaning on their own resources and those caught in various transitions

⁸ Analysis of internship scheme, accessed 12.3.2016:
http://www.szslo.si/3Dejavnosti/34Pripravnistvo/Dokumenti/Analiza_Pripravniki_010310_310315.pdf

While third sector welfare providers have been equally affected by austerity cuts in welfare spending and increasing reliance upon the ESF, they have always been dependent upon unsustainable project financing. Nevertheless the shift towards European funds has increased the pressures on these organisations. Examples of these have been ESF subsidies supporting the establishment of social enterprises, a new legal form that allows traditional non-profit organisations to undertake economic activity. The ESF acted as a start-up subsidy for a social enterprise, which should be able to survive in the market and become self-sustainable:

'Social enterprise...should be such that we can support it at the start-up, but it has to be market oriented as it has to survive in the market on its own... We provide a cherry on the cake, but we cannot ensure its survival' (Co-ordinator at the ministry)

This marks a move towards marketisation and privatisation of welfare provision and poses particular problems for organisations that provide services and programmes for vulnerable groups. A manager of such an organisation explains the problems they faced once the start-up subsidy ended and they had to maintain the project through their own financial resources:

'We have applied for the tender for the development of social enterprise in 2009...and we still continue, despite the fact that the project ended...we are not yet registered as a social enterprise...This is a project that cannot support itself, it is managed under our organisation and then we cover it with our other projects. That is why we wait' (Director of institute)

While bigger organisations could absorb some financial risks because they were able to cover financial shortages with other project funds, most could not afford that because they lacked sufficient resources:

'We are thinking about registering a social enterprise, but only when this makes sense...the idea is that this should be co-financed by the state, because we cannot compete in the market' (Social worker/director of NGO).

Since the majority of third sector welfare providers deal with users who have complex problems, they cannot compete in the market and cannot survive without constant subsidising. These offloaded risks can thus endanger the whole organisation and its workforce: *'I won't play this game, because at least now I can take responsibility for all the finances ...If there's anything wrong you can endanger the whole firm, we have 20 people employed, these are families and I won't play with that' (Director of institute)*

Third sector organisations are thus very cautious about temporary top-down subsidies that would increase their dependence upon their own or private sources of funding and the vulnerability of their workforce and users.

Moreover, the ESF demands new capacities to deal with increasing bureaucracy that accompanies the use of this fund: *'the ESF programme was very demanding bureaucratically, they were only and exclusively interested in papers.'* (Worker/director of NGO). Since the human resource composition of these organisations mainly consist

of social work type cadres whose primary role is to care for users, they are ill equipped to deal with the increasing bureaucratic workload: *The reporting is hard to handle...Most people employed here...work directly with users and often this reporting and administration is done during overtime that is never paid.*' (Director of NGO)

The bureaucratic workload that accompanies the use of the ESF thus exacerbates pressures on the existing workforce and lowers the third sector's capacities to provide quality services.

Moreover, these organisations also have to commit a certain amount of their own resources in order to qualify for project funding, which increases pressures on the growing number of not yet integrated and excluded workers caught in various transitions. Despite the fact that the current policy alignment is towards creating jobs within the reformed and privatised third sector, only 19 per cent of providers within the last ESF subsidised internship scheme were NGOs⁹ and in the last two years NGOs have been entirely removed from it. This indicates that the financial risks with creating training opportunities and jobs for graduates have been increasingly downloaded onto third sector organisations and graduates themselves. Organisations for instance inform that they have had an increasing demand from interns to do voluntary work in order to get their foot in the door: *'I get a lot of calls from interns, they are all willing to work [for free].'* (Councillor at an institute)

⁹ Analysis of internship scheme, accessed 12.3.2016:
http://www.szslo.si/3Dejavnosti/34Pripravnistvo/Dokumenti/Analiza_Pripravniki_010310_310315.pdf

Although all informants found this unethical, they might still include (potential) interns as volunteers. At a level of 81.6% in 2014, volunteers have represented a predominant category within the overall human resource structure of social care providers that has employed only 11.7% workers and 6.7% other paid workers (Smolej-Jež et al., 2015). While social care is to a high degree based upon the culture of normalising voluntarism that starts with students' training, there is an overlap between coerced and compelled volunteering (Baines, 2004). The former arises from fear of exclusion or job loss and the latter is based upon people's moral standards. Recent graduates and interns are certainly located closer to coercion.

Moreover, volunteers represent an added value, i.e. the organisation's own resource, when applying for projects: *'We evaluate the monetary worth of voluntary work and this acts as an added value for projects.'* (Social workers at NGO). Furthermore volunteering can be used to maintain the existing projects and to stay eligible for new ones:

'We were financed by projects...You had to provide one to even qualify for an application. The application was in January and we received confirmation in March, therefore you had to work for free for the first couple of months and you had no guarantee that it would be accepted... When the project was finally accepted it took until May for the first money to come in. Therefore for first half a year we received no salaries and even took personal loans, while the problem was not just with us workers, but also with the users we cared for.'
(Former social worker at NGO).

The NGO worker explains that they were coerced to volunteering to stay eligible for project funding and to survive during the lengthy procurement procedures. On the other hand she felt compelled to volunteer because of her responsibility towards the users. This example also indicates how the downloaded responsibility can result in personal debts. Among most informants who were directly working with users, there was a strong sense of moral obligation towards them, which sometimes resulted in taking big personal and financial risks to maintain existing projects.

Regardless of motives, austerity measures, moves towards privatisation and the emergence of new actors increase competition among organisations and pressures to decrease labour and professional standards. As explained in the quotation below some organisations exploit these structural changes to drive down wages:

'Nowadays you can find such skilled and qualified workers without any difficulty... and they are prepared to accept anything...and some bigger organisations exploit that and give qualified social workers €700-800 pm, which is equal or only slightly higher than the minimum wage.' (Social worker/director of NGO)

Increasing unemployment combined with austerity measures and workfarist ALMPs exacerbate labour market competition and enable devaluation of skilled labour caught in work transitions. Since permanent exits for the unemployed welfare professionals cannot be created within already squeezed third sector, ALPM programmes become a substitute for the employment of a highly skilled workforce:

'Now there are so many unemployed people, that it is possible to get highly qualified staff

with many references through public work programme. This is really sad.' (Worker/director of NGO)

One third of workers within welfare provision are employed through ALMP programmes, the majority of which are financed through the ESF (Kobal-Tomc et al., 2015; Smolej-Jež et al., 2015). The above examples suggest that the crisis and consequent austerity measures reinforced this trend and that ALMP schemes have also become a channel for recruiting highly skilled workers. While due to austerity measures access to permanent jobs has become increasingly limited, human resource shortages are being resolved by chaining temporary subsidies: *'Wherever we turn we come up against the Law for Balancing Public Finance ...Our fieldwork tells us that the needs for employment are huge. Nursing homes for the elderly desperately need new workers, but they cannot employ them, therefore they chain subsidies.'* (Trade unionist)

Since austerity measures disable the creation of new permanent jobs, employers have to resolve their labour shortages by applying to temporarily subsidised ALMP schemes. They have to tailor their human resource needs according to available funding, rather than professional norms and standards: *'In all our day centres we employ one or two workers through a Public work program. But every year this depends upon funding and conditions...And each year we wait for the invitation to tender and apply for it and then we get candidates and have to select one, but this is only for a year. This is a problem, at least with our work, because users need permanence and just when users get used to a new worker, she needs to leave.'* (Councillor at an institute)

This example indicates that temporary funding exacerbates problems with human resource planning and retention and increases the managerial workload with cyclical applications, recruitment and training of new candidates. Moreover, problems with staff retention can also have negative effects on users and the overall quality of services.

Conclusions

This paper has examined how austerity stabilised through European funds affects institutional change, work organisation and employment relations within Slovenian welfare administration and provision. It has exposed how the effects of austerity increase Slovenian state's dependence upon European funds and further strengthen its intermediary function, while decreasing its power for unconditional domestic policy making. This shift has also produced the need for new human resource capacities within welfare administration and provision. While the findings presented in this paper complement existing research by showing that the increasing need to manage EU funds has created new privileged types of transnational intermediary public servants, who reap high symbolic and material rewards, they further demonstrate that on the other hand this weakens the public sectors' human resource and financial capacities for welfare policy development and provision. By providing these new empirical perspectives this paper has extended the notions of previous research exploring the increasing centralisation within the EU governance and its effects on

public administration and provision (Bonnet, 2016; Catalano and Graziano, 2016; Juska and Woolfson, 2015; Nay, 2002).

Specifically the paper has offered original empirical insights into how the post-crisis stabilisation of austerity through the ESF turns previously stable and secure public sector welfare provision jobs into insecure projective forms. By doing that it provides fresh empirical evidence on the shifts from bureaucratised to project-based modes of work organisation (Boltanski and Chiapello, 2007; Kristensen, 2013). In this regard, it exposes increasing similarities between the private/non-governmental sector and the public sector. It demonstrates that the projective organising form, traditionally present within the non-governmental sector, is also entering public sector institutions and jobs. While this project organisation might bring some temporary financial rewards to those who are and remain included and those who act as mediators in creating and maintaining projects, it disables newly employed project workers' integration into permanent jobs and frustrates young graduates' transition into work. Moreover, austerity and the consequent increasing dependence on EU funds poses significant financial and human resource challenges that also increase pressures upon a quasi-permanent workforce as well as demands on management for constant re-building of capacities and re-invention of welfare provision.

While public sector welfare providers seem to manage new risks by increasing pressures on their permanent workforce, third sector organisations have been entirely dependent upon project funding and donations and have even less

resources to manage the risks that arise from austerity stabilised through the ESF. The analysis has shown that third sector organisations are through EU subsidies pushed on the market, expected to survive there on their own and become self-sustainable. This translates into financial risks being taken by increasingly pressured and precarious third sector project workers, unemployed professionals and young graduates, who have little choice but to do low paid or unwaged labour in order to maintain projects, care for users or get their foot in the door. While this paper confirms previous research findings that the process of outsourcing of public services to non-profit and private organisations intensifies work, decrease wages and drives down terms and conditions (Baines, 2004; Cunningham 2008; Cunningham et al. 2013), its specific contribution lies in exposing the role that post-crisis austerity stabilised through EU funds play in that.

While this research had limited scope and focus on Slovenia, its findings could also be applied to other countries within the EU periphery that are suffering from similar effects of EU-induced austerity. It would also be worthwhile to do comparative studies of this kind between the (western) European core and periphery countries that have been differently affected by the crisis and budgetary constraints.

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