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The Credibility of the Dutch Government's Call for Social Policy Transformation

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ABSTRACT

Western European welfare states have recognized since the late 1990s that demographic trends force them to modernize their welfare arrangements and to raise labour participation as a condition of viable social policies. The policy of raising labour participation depends strongly on corporate HR-policies, and thus requires public leadership that wins the collaboration of corporations, employers' and trade union organizations. This paper examines the concept of collaborative leadership and its conditions in a socio-economic governance context. The Dutch government's leadership in promoting a shared understanding of the need of raising labour participation of older workers is examined as well as the extent to which organizations now have HR-policies that support the retention of older workers. Overall such retention policies have yet very low priority and public organizations perform worst. The paper concludes that these data indicate the lack of collaborative leadership which affects the credibility of the Dutch government's call for social policy transformation.

1. Introduction

Since the 1980s successive coalition governments in the Netherlands have been engaged in ‘modernizing’ public welfare arrangements. Political decisions involving reductions of the level of social security entitlements or narrowing of the categories of potential beneficiaries met with criticism from trade unions and other non-governmental organizations, and occasionally from employers’ organizations. However, as long as the political decisions concerned welfare arrangements administered by public organizations the protest of collective actors could at best influence decision-making indirectly through affecting the popularity of the political parties making up the coalition government, but this could not block or undermine the implementation of these measures directly. The government did not depend on other parties for the implementation of these policy decisions.

Recent efforts to modernize the welfare state do not restrict themselves to cutting public expenditure, however, but aim at creating an enabling state and wider public goals such as increasing labour participation and promoting life long learning. One example is the Dutch government’s decision in 2004 to put an end to fiscal subsidy of early retirement schemes with the further aim of raising labour market participation of older workers. For the realization of such public goals the government is dependent on the collaboration of trade unions, employers’ organizations and private organizations. Trade unions and employers’ organizations, which operate at the national level and take a strong interest in the public debate, can assist in creating a definition of the social order in which this ‘modernization’ of the welfare state and these public goals are presented as legitimate and worthwhile, and can help to promote a sense of urgency among business and employees that is necessary for their participation and for the ultimate realization of these long-term public goals. However, unions and employers’ organizations can also choose from a range of other options varying from active opposition to passive abstention. Thus for collective actors who have a program of social reform measures it is important to employ leadership skills that help in bringing about the collaboration with other actors that they regard as desirable and fit for their goals as much as such leadership skills are required from other actors to co-create public policy (from their point of view) and to agree on a proper strategy which involves their collaboration.

This is the context for this paper’s interest in the following questions: can collaborative leadership be observed in the process leading to the government’s decision to put an end to fiscal subsidy of early retirement schemes with the aim of raising labour market participation? what conditions help to understand the actual processes of leadership in this case? were these leadership processes credible and bring about the collaboration of private organizations to assist in the realization of the public policy goal of raising labour participation?

In this paper I will first elaborate my views on collaborative leadership and the conditions which support its actualization. The following sections will concentrate on the case analysis and the final section will discuss the results and offer some concluding remarks.

2. Theoretical framework

This paper’s interest in the case of ‘modernization’ of the welfare state and the realization of public policy goals goes along well with Hosking’s perspective on leadership in which

‘leadership processes are understood to define and implement understandings concerning the status quo, or, rather, potential changes which imply either losses or gains for a given group’ (Hosking, 1997: 294). In fact, the framing of welfare reform as ‘modernization’ associates potential changes with improvements - at least in the western modernist tradition – but decades of welfare reform have also demonstrated that the participants concerned have quite diverse values and interests which inform their constructions of the social order and of the gains and losses involved in the reform of the social order that is negotiated. Before elaborating on this construction work and ‘the power to define’ (Bourdieu, 1987), I will first address the concept of collaborative leadership and its conditions.

Collaborative leadership

There is agreement among many authors on leadership (e.g. Balkundi & Kilduff, 2005; Grint, 1997; Schrujijer & Vansina, 2002) that leadership is a dynamic influence process between two or more parties. In this paper the term ‘collaborative’ refers to organizations rather than just individuals working together in making things happen (Huxham & Vangen, 2000).

The view on leadership as a dynamic influence process between two or more parties is well received. For instance Kotter (1988) talks about leadership as a change-oriented process of visioning, networking and building relationships. This emphasis on leadership processes does not mean that leaders are absent – indeed, they are identified as those who make especially salient contributions (Hosking, 1997: 300) - but leadership is not identified with the characteristics of exceptional persons. For instance, Bolman and Deal (2003) share in the emphasis on context and relationship viewing leadership as a ‘subtle process of mutual influence fusing thought, feeling and action to produce cooperative effort in the service of purposes and values embraced by both the leader and the led’ (2003: 338) and illustrate their four images of leadership with examples of public leaders such as New York’s mayor Giuliani and corporate leaders such as Iacocca (Chrysler) and Fiorina (HP). These examples tend towards a personalized view of leadership, but otherwise Bolman and Deal suggest some characteristics of leadership processes that are of interest to this paper, such as articulating a vision, pursuing goals that transcend narrow self-interest, setting standards for performance, creating focus and direction, inspiring trust and producing cooperative effort.

At a general level of analysis two characteristics seem to make up the core of leadership processes, namely creating a shared sense of identity or purpose, and secondly making things happen through organizing.

In a critique of traditional models of leadership which construe leadership agency at the expense of follower agency, Reicher, Haslam & Hopkins (2005) use social identity theory to suggest that effective leadership contributes to the transformation of social reality through the initiation of structure that mobilizes and redirects a group’s identity-based social power. They argue that the transformative potential of leaders lies in their ability to define shared social identities, to shape the perceptions, values and goals of group members, and to mobilize people to transform social reality on this basis, but also that leaders can do no more than offer a vision and that the agency of leaders does not substitute for that of followers but rather depends on it. Slightly contrasting their analysis and the neat division of labour between leader and followers this seems to suggest, Reicher, Haslam and Hopkins present evidence from a study that shows that the creation of a shared identity is in fact a process of co-creation which also involves other

voices that do not share in or subscribe to the dominant construction. In fact their idea of a group's shared social identity appears to take an integration perspective on identity, and not take into account the possibilities offered by differentiation and fragmentation perspectives (Martin, 1992) which allow for different identities to go together in a group or for multiple identities of group members which are enacted depending on the situation (cf. Hogg & Dutton, 2001). Moreover, in processes of collaborative leadership involving organizations rather than just individuals, the idea of a shared social identity is problematic if it suggests that this shared identity would replace past versions of social identities. This suggests that in the case of collaborative leadership involving organizations either a differentiation/fragmentation perspective on social identities is more adequate or a notion of collaborative leadership as involving a shared sense of purpose. The latter notion of a shared sense of purpose recognizes that leadership is a process in which social order is negotiated and that participants do not necessarily share the same goals and/or values (Hosking, 1997: 298). In the setting of collaborative leadership involving organizations the process of agreeing upon collaborative goals can be extremely difficult, Huxham and Vangen (2000: 1160) point out, because different organizations and their individual representatives bring a variety of goals and constraints to the process. The suggestion that leadership involves co-creating a sense of purpose recognizes that 'different participants may seek to further different, sometimes conflicting, values and interests' and that in the end 'some values and interests are likely to be promoted at the expense of others' which makes leadership a political process (Hosking, 1997: 302).

The second core characteristic of leadership processes is making things happen through organizing. Reicher, Haslam and Hopkins (2005: 560, 564) state that leaders must be visionaries and organizers as well; interpretation of the social world is not enough, but leadership processes involve also creating a social order on the basis of shared understandings. In a related way Hosking (1997: 308) uses the term 'networking' to refer to the organizing activity of participants which involves building up knowledge bases and other resources, coming to understand the processes through which they can promote their values and interests, and to translate these understandings into action.

Collaborative leadership in a socio-economic governance context

It has been argued that leadership is a political process because it involves negotiating a social order and different, sometimes conflicting, values and interests. While this holds in general, it is specifically true in situations in which the state and collective actors are involved and in which public issues are at stake.

Indeed in a socio-economic governance context the idea of leadership as involving the creation of a shared social identity is confronted with a pluralist social reality. Employers' associations, trade unions and corporations reflect the existing structure of social relations and the work of organizing the different values and interests that constitute these social categories. The public debate manifests an array of different voices. 'Coordinated market economies' (Hall & Soskice, 2001) as existent in the Netherlands, have consultative bodies at the national level such as the Socio-Economic Council where the 'social partners' meet to discuss recommendations to the government and which invite employer and trade union organizations to transcend their sectional interests and strategies of collective action, and to redefine them in terms of societal or public interests (WRR, 2004: 36). But it is also true that a plurality of voices is the rule and that sometimes joint recommendations to the government are produced and that at

other times the ‘recommendation’ to the government is no more than a report of different opinions on some socio-economic matter. This reflects primarily the different values and interests of the constituencies which the collective actors represent, but the influence of some other factors should also be taken into account.

First, the nature of the issue under discussion may vary from zero-sum issues such as wages, working hours and social security benefits, to positive-sum issues such as up-market expansion strategies which combine competition on the quality of goods and services with functional flexibility and investment in training. While the first category of issues tends to foster distributive bargaining, the latter tends to foster integrative bargaining and collaboration (Leisink, 1993; Streeck, 1992). In other words, zero-sum issues where the loss of one party is the gain of the other do not favour the creation of shared interests that can propel future collaboration, whereas positive-sum issues offer a better chance of collaborative effort. The point of course is in what terms the parties involved frame the issues on the agenda.

Second, the nature of the dependency relationships among the parties involved is also relevant. Huxham and Vangen (2000: 1160) observe that studies of leadership in organizations presume that there is a formal leader with managerial responsibility and a hierarchical relationship with followers, and that this presumption is problematic in a collaborative setting because the individuals involved come from different organizations or groups. In fact it seems that the studies of collaborative settings by Huxham and Vangen represent the other side of the spectrum in which the individuals representing organizations choose voluntarily to enter a collaborative arrangement and in which all aspects of the collaboration including the structure of the collaboration are open to debate. The relevance of their observation is that it draws attention to the nature of the dependency relationships among the parties involved: dependency relations among the parties in a network may vary from full dependency without influence of one party vis-à-vis the other(s) through interdependency to independency of all parties (cf. Ruigrok & van Tulder, 1995).

This typology of dependency relations raises the interesting question how the relationships between state and collective actors in governance situations can be characterized. When it comes to tackling public issues many political science authors argue the principle of the political primacy, as for instance Pierre and Peters (2000: 12-13): “Two decades or so ago, most Western European countries were governed by governments powerful enough to intervene in the economy to pursue goals of redistribution or social justice. Today, those countries pursue a much more modest agenda; the governing state has been replaced by an enabling state that governs to a large extent by coordinating and facilitating other powerful actors in society. That having been said, however, governing the state and society is still a highly politically charged process and, we argue, the state remains the only creature in society that can play that political – and democratic - role.” Although the authors tend to take a normative view on the position of the state vis-à-vis other actors, they imply that the state is the dominant actor in the governance arrangement and that the other actors are by implication in a dependency position. However, this view does not differentiate between the types of issues at stake in leadership processes. The political responsibility for governing the state is not the issue here. The level of public welfare arrangements is ultimately also an issue about which politics is to decide, although in such issues participation by other stakeholders would certainly help raise the quality of decision-making and legitimacy. However, such public goals as raising labour participation can certainly not be achieved by the state by itself. On the contrary, the realization of that type of public goal is

dependent on the collaboration of corporations and collective actors. So in the realization of this latter type of public policy the parties are fully interdependent. Contrary to Pierre and Peters (2000: 12) who take a state-centric approach to governance, this paper takes a more differentiated approach which is not state-centric when it comes to public policy goals the realization of which is dependent on private organizations' responsiveness.

The third factor concerns the resources that actors can draw on as a means to bring about collaboration. The previous point is not meant to say that state leaders have no special means to build coalitions in support of the policies they prefer. Mares (1993) describes that problems of collective action open up avenues for state actors to influence the policy preferences of social actors. He distinguishes three ways for state actors to build a coalition: raise barriers for opponents of policies preferred by the state, help potential supporters, and make credible threats to institutions valued by social actors and influence social actors' preferences by linking support for state policies to the survival of those institutions. Mares (1993: 469) concedes that the existence of these means of state influence is not an indication of state actors' control over societal preferences. Again I would want to argue that it depends on the nature of the issue and the type of actors' dependency relations inherent in the realization of this issue whether the state is the dominant actor. To give one concrete example. The state is dominant vis-à-vis other actors when it has a sum of money which it wants to distribute as a subsidy among other actors. However, as soon as this sum of money is not a subsidy as such but a means to stimulate legally independent actors such as corporations to undertake actions advocated by the state, these actors have their own reasons to engage or not to engage in the sort of action advocated by the state and among these reasons the subsidy to be gained will be no more than a minor or major incentive. This means that the state is for the realization of some actions it advocates not dominant but dependent (with means of influence) on the corporations.

Apart from financial incentives (the carrot and the stick) with which state actors can attempt to influence the actions of other actors, the state can also attempt to persuade corporations to undertake particular actions it advocates by setting an example as public employer. In fact, until the 1980s public organizations in the UK enjoyed a status as 'model employers' and aspired to set standards for private organizations to emulate, for example in areas such as staff training and equal opportunity (Boyne, Jenkins & Poole, 1999; Farnham & Horton, 1996). From a perspective of leadership processes one can interpret this as an example of 'practice what you preach': if the state advocates particular public policies and wants corporations to follow suit, the legitimacy of calls for such policies is enhanced by public organizations setting a good example.

This view on leadership and the factors that can be made to impact on collaborative processes in a socio-economic governance context involves a number of concepts that will be used in the analysis of the following case of the public debate on raising labour participation of older workers and the Dutch government's decision in 2004 to put an end to fiscal subsidy of early retirement schemes.

3. Collaborative leadership in the case of raising labour participation of older workers

Since the late 1970s the Netherlands have had an arrangement which facilitated early retirement for workers from about the age of sixty. It was an arrangement that was appreciated by the large majority of workers, as indicated by the fact that by 2000 only 6 per cent of women and 22 per cent of men aged 60 or older had a paid job (Remery et al., 2001). The arrangement was based on a combination of fiscal policy, and employer and worker contributions in sectoral funds, and emerged in the late 1970s as a response to the economic recession and the high percentage of youth unemployment. At the time early retirement of older workers was considered as in the public interest because this offered young unemployed workers a chance for a job. However, this arrangement had grown very 'robust' and continued to exist long after the problem of youth unemployment had disappeared (Trommel, 1995). A Labour – Conservative coalition cabinet had indicated by the late 1990s that the labour market needed older workers to continue working, but it was the Christian Democrat – Conservative coalition which announced in 2003 that it would stop the fiscal policy which facilitated early retirement. What sort of constructions of the 'public interest' were voiced in the debate and did a shared sense of purpose emerge?

Creating a shared sense of purpose

Curiously the main participants in the public debate – the government, the employers associations and trade unions - did not engage in constructing the public interest at stake in explicit terms. The government legitimized its intention to stop fiscal support for early-retirement schemes by referring to the need of economic growth, of higher labour participation and of the modernization of the social security system, but without characterizing these explicitly as public interests. The government implied the public interest involved argumentatively, by claiming that it was oriented to the longer term and the collective interests, and by arguing that other claims – notably the claims voiced by the trade unions - represented the short term and the private or group interest. A good example of this argumentative construction style was the prime minister's use of the image of the 58 years old retired citizen 'who enjoys the good life on the road with his caravan' as representing the private interest. 'If this is the expectation of the citizen', the prime minister argued, 'then every change is a loss'. By contrast 'our concern is the economic position of the country in the long term, the viability of collective arrangements such as education and health care'. Typically these represent the collective interest and long term policy of modernization of the welfare state which the cabinet stood for.

The reconstruction of the public interest was illustrated most dramatically by the redefinition of solidarity between the generations. In the late 1970s older workers were encouraged (and fiscally facilitated) by the state to take early retirement out of solidarity with young unemployed workers: 'older workers would leave their job for younger ones'. By 2003 older workers making use of early retirement schemes were said to lack solidarity because younger workers had to pay for the collective funds that facilitate early retirement.

The government wanted to achieve the goal of raising labour participation not only by abolishing fiscal subsidy of early retirement schemes but also by introducing a life course scheme that would help families to combine work and family care. However, the life course scheme which the government proposed was an individual savings scheme on a voluntary basis with only the promise of a modest fiscal support from the state. The government argued this individual voluntary character of the life course scheme by referring to the principle of the individual responsibility of the citizen while explicitly rejecting the appeal of the trade unions to introduce a compulsory collective scheme that would guarantee solidarity of citizens.

The employers association basically took the same position as the government. Again without the use of these explicit terms, economic growth was constructed as the public interest that should dominate over the defence of acquired rights by the unions. This was how the president of the employers association responded to union protest: “A discontinuation of acquired rights? We must all bite the bullet. I see this [the termination of fiscal support for early retirement schemes by the state] as a contribution to more economic growth and that is something we all have an interest in.” In his view “a booming economy is the best provision for old age”.

The trade unions did not really dispute the need to raise labour participation. In fact, as early as 1992 the unions called for an age-related personnel policy that would help to make work attractive for older workers. They were also concerned about the impact of demographic changes on the social security system. They criticized the abrupt change in government policy and indicated that as a result of previous agreements of employers associations and unions, the retirement age had already risen. They also warned that blocking early retirement would lead to an increase in disability and unemployment of older workers in physically burdensome occupations, and argued that these workers would not be able to afford a life-course savings scheme on an individual basis. They advocated a collective life-course scheme which would facilitate workers to make savings for leave to be taken at some stage during their working life, including the possibility of taking leave when they would have completed 40 years employment, which is often at the age between 58 and 60 for low-skilled jobs as in the construction industry.

Quite clearly the public debate did not result in constructing a shared sense of purpose. Interestingly the goal of a viable social security system is not contested, but opinions diverge in all aspects related to this goal. The actors concentrate on their differences and engage in arguments that display the opposite of collaborative leadership skills. The prime minister concentrates on the image of the retired 58 year old citizen who is driven by his private interest of enjoying the life on the road, and the employer blames the defense of acquired rights. Moreover other differences of principle are added to the actual issue of raising labour participation. Whereas a life course scheme could have had the potential of a positive sum issue facilitating an innovative policy leading to the jointly appreciated goal of work – life balance, this potential for collaboration is lost through a fundamental conflict over the principle of the division of responsibilities between citizens and state. The controversies caused a break down of the public debate in the summer of 2004 and when the government decided unilaterally to stop fiscal subsidies for early retirement schemes, the trade unions responded by organizing a mass demonstration in the autumn. As this was the biggest post world war II demonstration (a historical reference point) the government was forced to resume negotiations. These resulted in a compromise between the government, the employers and trade union organizations: workers over the age of 55 retained the right to early retirement with fiscal support over a period of time, but younger workers will have to save individually in a life course scheme which may be used for early retirement if they want to.

Making things happen in a governance context

The decision over the fiscal subsidy for early retirement schemes represents the type of issue where the state is autonomous and can independently decide to stop this subsidy - or can choose

to compromise because of popular criticism. On the other hand the realization of the further goals of a strong economy and viable welfare arrangements based on a growing labour participation depends on the collaboration of various parties. We will examine whether the conflict over the issue of early retirement impacted on their willingness to collaborate in activities that help work organizations stimulate older workers to continue employment.

The government initiated a number of activities that were meant to stimulate employers and employees to take measures that contribute to raising labour participation.

First, there is the financial disincentive to prolong early retirement schemes. As the costs of early retirement schemes increase by at least twenty per cent because of the discontinuation of fiscal support, these schemes are no longer viable. However, the effect of their discontinuation will only affect workers who were younger than 55 years in 2005; but workers over 55 years of age will continue to have the right to make use of early retirement schemes as existed before and surveys indicate that, as before, 80 per cent of these workers will prefer to stop working when they are between 60 to 62 years of age.

Secondly, the government has introduced financial incentives for corporations to develop age-related personnel policies and for individual workers to invest in a life course saving scheme. The latter scheme was criticized by the trade unions as being too marginal, and this criticism appears correct as indicated by the fact that by the end of 2006 less than 10 per cent of all employees participate in a life course scheme. The financial incentives for corporations to invest in age-related personnel policies consist of a fund of 1 million Euros on a yearly basis to which corporations can apply for a grant of maximum 40.000 Euros when they submit a plan for a specific project targeting older workers. Apart from the paper work which will deter many companies to apply to this fund, the amount of subsidy is quite modest and the overall number of companies that can benefit on an annual basis is very small.

Thirdly, the government re-instated a TaskForce with the mission to make corporations and workers aware of the need of raising labour participation among older workers. This TaskForce 'Gray at work' organizes public events, services a website with corporate good practices, sends questionnaires to works councils asking them whether they have questioned their management about the age-related policies in their firm, and so on. Apart from this government sponsored TaskForce, trade unions, employer associations, consultancy firms and so on began their own websites, organized conferences and engaged in activities of raising awareness and promoting good practices. In this respect one could say that the government's aim to create a mind shift is successful but one should be careful not to jump at positive conclusions as these websites, conferences and so on are 'business' and all sorts of organizations want to have a piece of this cake.

The harder test of the effects of governmental leadership processes is of course to what extent corporations have actually invested in developing age-related policies that motivate and can support their workers in working at a later age. This would entail investing in HR-practices that enable workers to work longer, including human resource development policies (training, coaching, sabbatical leaves, and so on), job mobility policies (job rotation, horizontal job mobility, mid-career traineeships, career coaching, and the like) and adaptation of the job to the capacities of the older worker (including a ban on compulsory participation in night shifts and overtime work, ergonomic measures to make the job less burdensome). These HR-practices can also be called retention-oriented policies as their aim is to retain (older) workers in employment.

The results of a survey are used to assess the extent to which work organizations have developed such retention-oriented HR-practices (see Leisink, Thijssen & Walter, 2004).

Table 1 presents the results for those sectors which are represented by more than 25 respondents in the survey. The second column in Table 1 presents the mean scores for the priority awarded to retention-oriented HR-policies. The third and fourth column present the respondents' scores for the support facilities to assist the managers and for the personnel information (about their worker's training and employment career) available to managers.

Table 1: Assessment of the priority of retention-oriented personnel policies and of managerial support and information, per sector of industry. N= 589 line managers and staff with a special HR-policy concern.

Sector	Retention	Man.Support	Information	N
Agriculture	1.24	1.98	2.32	41
Construction industry	1.45	2.33	2.06	33
Manufacturing industry	1.09	1.98	2.79	80
Transport, storage, communication	1.16	2.48	2.44	25
Various real estate services	1.00	2.21	2.64	28
Financial services	1.00	2.44	2.72	25
Care and welfare	1.65	2.89	2.43	158
Education	1.66	2.85	2.71	41
Public administration	0.93	2.00	1.78	60

Mean scores for retention policy are based on 6 items (0 = no priority and 6 = very high priority). Mean scores for management support and information based on 6 items (0= not at all available and 6= very strongly provided).

Table 1 shows that the actual priority which respondents perceive as being awarded to retention-oriented HR-policies is low in all sectors of industry. The priority is lowest in public administration (0.93 on a 6-point scale) and 'highest' in the non-profit sectors of care and welfare, and education. It does appear that the 'new' reality that has been created by the government's decision to stop fiscal support for early retirement so as to coerce workers in working until the age of 65, has not been met (yet) by adequate HR-policies oriented at retention of workers by development and mobility schemes and adaptation of the job and working conditions. In addition, the facilities that would support managers to become aware of and to assist in implementing these HR-policies are only modestly available.

Concentrating on the priority given to retention-policies, the sectors of education and care and welfare do best, while public administration does worst. The industrial sectors, including construction, agriculture, transport and manufacturing industry, form a middle category. One might suppose that because of the nature of work the sectors of education and care and welfare concentrate more on developing their employees and that the industrial sectors concentrate more on adapting the job to the capacities of the workers. However, this is not the case as for instance the education and construction sectors provide both employee development and job adaptation activities.

There are obvious differences in the priorities between the sectors, which raises the question how these can be accounted for. The assumption that public organisations are model employers setting a high standard of retention policies does not hold. The sectors performing best in conformity with the government's definition of raising labour participation through retention policies are the non-profit sectors education and care and welfare. In fact, at the height of the social conflict over the issue of early retirement in the summer of 2004, when the

government declared that all workers would have to work until the age of 65, the Ministry of Internal Affairs, which is formally the public employer, finalized the details of the plan to cut the state workforce by ten per cent and decided to do so by offering a lucrative early retirement scheme to civil servants of 57 years and older.

In sum, neither the share of workers participating in a life course scheme nor the priority which work organizations give to retention-oriented personnel policies offer much proof of leadership processes by the state in bringing about the collaboration of other parties to assist in the realization of the goal of raising labour participation.

4. Conclusion and discussion

In the process of public policy making with the goal of modernizing public welfare arrangements and raising labour participation, which has been described above, two stages can be distinguished, namely the public debate preceding the government's decision to stop the fiscal subsidy of early retirement schemes and the implementation of HR-policies by work organizations that assist in the retention of older workers in employment. The question whether collaborative leadership can be observed concerns the creation of a shared sense of purpose in the first stage and collaboration in making things happen in the second stage.

The goal of raising labour participation, which in turn is a means to creating a strong economy and viable welfare system, was – and is - not contested. While the government and the employers' association were most explicit on this, the trade unions certainly subscribed to this goal, although they emphasized the viable welfare state rather than the strong economy. However, despite the agreement among these parties regarding this public policy goal, the support for the proper strategy to realize this goal was splintered already during the first stage. The lack of leadership skills demonstrated in the first stage - the public debate about the policy goal - contributed to the lack of collaboration in the second stage, as well as the factors that are relevant for understanding collaborative leadership in a socio-economic governance context.

The lack of leadership skills is demonstrated in the failure by the government and the employers' association to realize that the discontinuation of the fiscal support for early retirement schemes represents the type of zero-sum issue that is likely to lead to distributive bargaining and conflict with the trade unions, and that the chances of public policy goal realization increase if such a discontinuation is compensated by a positive-sum issue that induces integrative bargaining and collaboration. Thus, it is not surprising that there was disagreement about the decision to stop the fiscal subsidy of early retirement schemes which would in effect end such schemes, but it is remarkable that the government failed to exploit the collaborative potential of the life course scheme. The prime minister's use of the image of the 58 year old retired worker enjoying the good life on the road rubbed in the loss of valued rights, and demonstrated neither a sensitivity to the feeling of loss on the side of the workers nor a historical appreciation of the value of solidarity which informed the trade unions' understanding. Sensitivity to other parties' understandings and the ability to sense areas that offer opportunities for mutual gains may be regarded as characteristics of collaborative leadership skills. The apparent lack in these leadership skills demonstrated by the government and employers' associations, in combination with the disagreement that the government fuelled over the potentially shared purpose of a life course scheme led to a real breakdown of the trade unions'

willingness to negotiate a reform of the social order. It is difficult to discern collaborative leadership skills in the management of this reform. It is even harder to understand why the government allowed controversy to build up over the life course scheme when one recognizes that the realization of the public policy goal of increasing labour participation depends on the collaboration of other parties.

The second stage of leadership processes, that is make things happen, has arguably not evolved enough to be evaluated yet. However, some indications so far do not bode well for the government and the realization of the goal of labour participation. The choice of the policy instruments does not match the nature of the issue and the dependency relations between the actors. The financial incentives are too insignificant for work organizations to decide to invest in policies aimed at retaining older workers. Employers are known to hold negative stereotypes about older workers, such as their lack of flexibility and their insufficient productivity compared with their wage costs (Boerlijst, van der Heijden & van Assen, 1993; Visser, Henkens & Schippers, 2003) and it is not very likely that a symbolic financial incentive will change their policy. Moreover, the government as public employer confirmed these stereotypical attitudes by its 2004 decision to reduce the public sector workforce by stimulating older workers to take early retirement instead of being a model employer and making a credible case for retention policies. In fact, the data on the low priority of retention policies by public administration organizations bring out the lack of credibility of the government's call for raising labour participation.

Yet, it may well be that despite the lack of governmental credibility the public goal of increasing labour participation will be realized. A number of external circumstances influences work organizations' personnel policies, such as the current labour market shortage and the imminent loss of experienced older workers at the same time. If work organizations will increasingly attempt to retain older workers that would give the impression of apparent public policy-making success. A similar illustration of apparent success was the reduction of unemployment among migrant workers in the 1990s, which was not due to the government's call on work organizations to recruit and select migrant workers but the consequence of increasing labour market shortages. Problems of causality may haunt research but do not prevent the government from claiming success. However, such convenient feats obstruct the opportunity for learning about collaborative leadership processes in a socio-economic governance context. The lesson which the analysis of this case provides, is that sensitivity to other parties' understandings and the ability to sense areas that offer opportunities for mutual gains are important characteristics of collaborative leadership skills, which politicians have difficulty to enact even in the case of public policy goals which for their realization are dependent on the responsiveness and collaboration of other parties.

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