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# Towards policies of dignity? The German Participation Opportunities Act as a response to long-term unemployment

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## Abstract

The Participation Opportunities Act (POA) came into force in Germany in January 2019 with the aim of making publicly subsidised employment accessible to the long-term unemployed, whose prospects of regular employment are poor. The POA responds to a two-fold exclusion suffered by this group: exclusion from the labour market and a kind of ‘internal exclusion’ from social services. We argue that the POA can therefore be understood as a ‘policy of dignity’ and thus as a challenge to the neoliberal recognition order. The aim of this paper is an empirical examination of this thesis based on qualitative interviews with managers and professionals at German job centres. We apply Honneth’s theory of recognition as a theoretical framework and examine two levels of implementation: the interpretation of the law and how it is put into practice from 2019–2023.

**Keywords:** participation; recognition; long-term unemployment; German welfare state

## Introduction

Despite all claims to the contrary in the 1980s, modern societies remain ‘working societies’, which is evident in the fact that unemployment, especially if it is prolonged, is a harsh fate. This is not only caused by the lack of income, but unemployed people are deprived of the latent functions of work like a daily structure, social contacts, status and identity, participation in collective goals and regular activity (Jahoda, 1982). Not least for this reason, the state invests substantial amounts in maintaining and creating jobs or in mitigating the disintegrative consequences of unemployment. One instrument used for this is publicly subsidised employment.

In Germany, a law establishing such a programme, known as the Participation Opportunities Act (POA), came into force in January 2019 with the aim of making social participation opportunities accessible to the long-term unemployed, whose

prospects of regular employment are poor. The POA responds to a two-fold exclusion suffered by this group: exclusion from the labour market and a kind of ‘internal exclusion’ (Bourdieu and Champagne, 1997) from social services. We argue that this double exclusion stems from the neoliberal Hartz reforms<sup>1</sup> implemented in Germany in the early 2000s, which also changed the moral economy of the German welfare state (e.g. Lessenich, 2012). In this context, the double exclusion presents itself as a problem of institutional disrespect, so it seems reasonable to see the POA as a ‘policy of dignity’ (Margalit, 1998).<sup>2</sup> Based on this, we essentially address two questions: first, to what extent does the POA actually constitute a ‘policy of dignity’? And second, does the POA challenge the neoliberal ‘recognition order’ (Honneth, 2003), which is the normative basis of the Hartz legislation?

In the first step, based on Honneth’s theory of recognition, we explain the concepts of work, participation and recognition, and how they are connected. In considering the changing recognition order, we encounter the problem that the POA responds to – the two-fold exclusion of long-term unemployed. In the second step, we examine the POA more closely in order to assess its potential as a ‘policy of dignity’. After describing our methodology, we present our empirical findings in 23 job centres by looking at their interpretation of the law and its practical implementation. In our conclusion, we attempt to answer the research questions.

## Work, participation and recognition

The concept of participation, after which the POA is named, is a key concept of welfare state policy. Its emergence can be attributed to two, partly overlapping, debates. On the one hand, participation can be understood as the opposite of exclusion,<sup>3</sup> which has been a focus of the European Union’s social policy since the early 1990s (Hills *et al.*, 2002; Silver, 1994) in order to overcome a purely income-related definition of poverty. Instead, it should include ‘several types of deprivation and barriers, which alone or together prevent the full participation in areas such as education, health, environment, housing, culture, access to rights or family support, as well as training and job opportunities’ (COM, 2000, p. 6). On the other hand, the notion of participation gained impulses from the capabilities approach (Sen, 1992; Nussbaum, 2000). In this context, in addition to legal and economic forms of intervention (allocation of status and resources), a participation-oriented social policy promotes an increase in the individual’s ability and opportunities to act. In Germany, the concept gained political importance, especially with the implementation of the UN Convention on the Rights of Persons with Disabilities in the Federal Participation Act. This development spread to labour market policy (Brussig, 2019, p. 116), to which the POA ultimately bears witness.

Since the notion of exclusion stems from political debates and is still highly politically charged, it is often viewed critically by academics (e.g. Daly, 2006). Above all, the importance attached to the terms ‘exclusion’ and ‘participation’ in the European Union’s modernisation strategy, which is regarded as neoliberal, is seen as problematic. One point of criticism is that the European Strategy reduces participation to integration into the labour market, which corresponds with the

paradigm of activation and its related principles of 'welfare to work' and 'work first' (Levitas, 1996).

However, as heuristic concepts, exclusion and participation are not entirely rejected by their critics (e.g. Abrahamson, 1995). In sociological definitions, participation in working life is understood as a central form of participation, alongside involvement in personal social networks and access to political and legal institutions (Berghman, 1995; Kronauer, 2018). Participation in working life is emphasised here since the terms are closely associated with the resurgence of (mass) unemployment and poverty since the 1970s and 1980s and the emergence of precarity in the 1990s. The distribution of opportunities to participate in (non-precious) employment is therefore also an indicator of social inequality and polarisation (e.g. Castel, 2003).

A central dimension of participation in working life is recognition. This is particularly emphasised in Honneth's (1996, 2003) theory of recognition, in which the labour market is considered the central social institution for the formation of self-esteem. In the sphere of achievement, the individual can find recognition for skills and qualities with social relevance. Thus, in modern, meritocratic working societies, labour market integration is essential in order to be perceived as a socially useful subject, worthy of esteem.

Yet the relevance of employment for recognition is not unidirectional. The allocation of esteem is socially differentiated and depends on prevailing standards of achievement, the definition of which is socially contested (Honneth, 1996, p. 126). Moreover, with the concept of disrespect, Honneth (1996, p. 131) makes it clear that recognition also includes different forms of non-recognition or even humiliation. For example, low-paid jobs can be perceived as degrading.

Unemployment even means the loss of a source of recognition. The unemployed can no longer contribute their skills to society's value creation based on the division of labour, which is why unemployment often creates a feeling of uselessness. In addition, unemployment is socially stigmatised; the unemployed are often accused of not wanting to work. Finally, unemployment is degrading because the loss of income can lead to poverty and limited participation opportunities in many other areas of social life. Above all, unemployment highlights the fact that the achievement sphere is not only a source of esteem but also creates an unequal distribution of resources that, although justified by the merit principle, can nevertheless be perceived as unfair. According to Honneth (2003, p. 149), it was against this background that the welfare state hedged the merit principle by making a minimum economic provision irrespective of actual achievement and transforming it into a legal claim – which is manifested, among other things, in the emergence of unemployment insurance and labour administration. In terms of recognition theory, the welfare state can be understood as an 'institutionalised expression' of respect because it provides services that aim to overcome degrading living conditions (Honneth, 2003; cf. also Margalit, 1998, p. 224).

Here, law as a second sphere of recognition is relevant, in which the individual, as an autonomous and capable bearer of legally secured rights, receives recognition in the form of respect, thereby acquiring self-respect (Honneth 2003, p. 138). This form of recognition manifests itself in the rule of law and the principle of legal

equality, which is supposed to be guaranteed in particular by access to civil rights (liberal liberties, political participation rights and social welfare rights).

However, in particular, the situation of unemployed people illustrates the fact that the welfare state can also cause an institutionalised degradation. Humiliating effects of the welfare state are discussed especially by Margalit (1998). When unemployed, the need to live on benefits can be associated with a feeling of unwanted dependency and shame. Unemployed people also often have degrading experiences as clients of the social services, e.g. due to being needy and thus stigmatised (Baumberg, 2016). Thus, in recent debates about a ‘post-work society’ (e.g. Deranty, 2022) or ‘post-productivism’ (Fitzpatrick, 2004), the degradations caused by the welfare state are one of the reasons why a new welfare state model is being called for, which breaks with the focus on waged labour. An appreciation of unpaid work that is not directly economically profitable, such as volunteer work, care or eco-social work (e.g. Dukelow and Murphy, 2022; Laruffa, 2022), could result in new opportunities for inclusion and recognition, which, combined with a universal basic income, previously marginalised groups could benefit (e.g. McGann and Murphy, 2023). However, these are mainly academic debates and most welfare states are far from such a paradigm shift.

Especially the neoliberal reforms implemented in Western countries since the 1990s have led to claims that the welfare state is degrading rather than guaranteeing recognition (Brodin, 2015; Crouch, 2004; McGann *et al.*, 2020). In Germany, such reforms were initiated with the Hartz legislation in the early 2000s. With Social Code II ‘Basic Security for Jobseekers’ and Social Code III ‘Employment Promotion’, they implemented an activating labour market policy aimed at strengthening individual responsibility to end unemployment (e.g. Dingeldey, 2007). Conditionality and a rather low level of benefits are central means to achieve this goal.

The degrading consequences of this policy are manifold: first, the Hartz reforms reinforced the discourse on the ‘lazy unemployed’ living at the expense of others (Oschmiansky, 2003) by declaring unemployment to be a self-inflicted motivational problem. Second, the reduction in the duration of contribution-based unemployment benefits (Social Code III), the possible fall into means-tested basic social security (Social Code II) and the expectation to accept any ‘reasonable’ job potentially mean a loss of status and a devaluation of skills and life achievements. And finally, the threat of sanctions designed to ensure cooperation in the search for work constitutes undignified treatment. So overall, the Hartz reforms are often regarded as a profound change in the moral economy or, in Honneth’s words (2003, p. 137), the ‘institutionalised recognition order’ (e.g. Lessenich, 2012); a change manifested in the recognition sphere of law as a weakening of universal social rights.

This weakening of social rights is particularly evident among the long-term unemployed, who fall under Social Code II and are considered to be very distant from the labour market. Since Social Code II and III aim primarily at getting the unemployed into regular employment as quickly as possible, this group of the unemployed is often neglected: the dominance of the ‘work first’ principle leads to job centres having neither the instruments nor the resources to serve this group adequately, apart from paying basic benefits. This situation is potentially degrading for the unemployed affected not only because they lose their social rights but also because they may feel doubly excluded and ‘written off’ – from both the labour

market and the welfare state. That is the problem to which the POA responds: subsidised employment should enable these people to participate again, thereby regaining their dignity (Deutscher Bundestag, 2018, p. 13).

### The Participation Opportunities Act as a ‘Policy of Dignity’

With the notion of a ‘policy of dignity’, we refer to Margalit’s (1998) plea for a ‘decent society’. According to Margalit, a ‘policy of dignity’ must ensure that social institutions do not humiliate or degrade people and should instead protect them from such experiences. The neoliberally reformed German welfare state constitutes a recognition order that hardly does justice to this postulate. On the contrary, the threat of institutional degradation seems to be used deliberately as a commodification incentive (Boland et al., 2022, p. 657). The POA does not fundamentally change this but addresses only a sub-problem caused by the reforms, which affects only a minority of the unemployed. It concerns long-term unemployed who are classified as employable<sup>4</sup> according to Social Code II, but whose chances of regular employment are extremely poor due to various placement obstacles (e.g. physical and mental illnesses, age etc.). According to a 2007 estimate, this affected only two to four per cent of all basic social security recipients, or 100,000 to 200,000 people (Koch and Kupka, 2007). For this group, however, the POA has great potential to function as a ‘policy of dignity’: by providing subsidised employment, it promises to eliminate the degrading situation of double exclusion. The welfare state not only gives the unemployed the opportunity to participate in a central sphere of recognition (achievement sphere) but it also seems to (re-)strengthen their social rights (law sphere). However, to assess the real potential of the POA as a ‘policy of dignity’, a closer look at its design is required.

The access granted to the sphere of achievement by the POA is very generous: it provides for a five-year total funding period (which is unusually long for this programme type), comprising a 100 per cent wage-cost reimbursement in the first two years for employers who hire an unemployed person, and 90, 80 and 70 per cent in subsequent years. Moreover, the POA is designed to create the appearance of labour market normality by concluding regular employment contracts with the participants, involving private employers and paying minimum or even collectively agreed wages. In previous programmes, private employers were often excluded in order to avoid windfall effects and competition distortions. The POA thus offers a ‘simulated normality’ (Bauer et al., 2016), the opportunity for the participants to be integrated into the ‘real’ market and value-added processes and to be paid decently for this. According to recognition theory, this attempt to create quasi-normal employment relationships seems likely to create a sense of participation. It makes the POA a ‘policy of dignity’ by giving the participants the opportunity to experience being socially useful. Moreover, the appearance of regular employment can free participants from being stigmatised as a ‘lazy’ benefit recipient.

However, there are contradictions in the laws content that leave room for interpretation and implementation variants (Gottwald et al., 2020). The officially formulated goal, ‘to enable participation’, can be read as an attenuation of the ‘work first’ principle. This is important for the question as to whether the POA can be a

real ‘policy of dignity’ since the ‘work first’ principle is a basic objective of the Hartz legislation: the commodification expectation, which is imposed on the unemployed and enforced by means of controls and sanctions. Accordingly, this would mitigate the mechanisms of humiliation and degradation institutionally built into the Hartz legislation. At the same time, however, the goal of ‘labour market integration’ is not abandoned; it remains a subordinate goal of the POA itself, and since the POA, as paragraph 16i, is a component of Social Code II, it is also, at least in principle, committed to the goals of that Code. So, there is some ambivalence in the objective of the POA. What this ambivalence means for the POA as a ‘policy of dignity’ is decided in its practical implementation by the job centres. Finally, the POA provides for mandatory job coaching for at least one year. Apart from that, participation in the POA is voluntary and can be declined without consequences. Long-term unemployed people who have received transfer payments for at least six of the previous seven years are eligible for the scheme.

### Implementation of the Participation Opportunities Act

On paper, the POA can be understood as a ‘policy of dignity’ but whether it actually has such an effect in practice is decided by its everyday implementation. Below, we concentrate on two aspects: first, we look at how job centre managers and the staff responsible for implementing the POA describe its objectives. In this respect, we are particularly interested in how they understand participation and recognition. Second, we examine whether these interpretations are also associated with certain implementation practices, in particular, how different practices promote or hinder a ‘policy of dignity’.

For our analysis, we draw exclusively on interviews with staff who perform a project-coordinating function in the implementation of the POA. Of course, it would be important to consider the direct interaction between frontline workers and the unemployed in order to assess conclusively whether the POA is implemented as a ‘policy of dignity’.<sup>5</sup> Nevertheless, following current research on street-level bureaucracy (Brodtkin, 2015; Evans, 2016; Gassner and Gofen, 2018), we assume that ‘management matters’ and thus deserves separate attention. Our database consists of 46 expert interviews (Bogner *et al.*, 2009) with managers and professionals from 23 job centres located throughout Germany. Participation was voluntary. The interviews were conducted via video between April 2020 and June 2021,<sup>6</sup> transcribed and immediately anonymised. The interview series is part of a larger evaluation of the POA, which was conducted by the Institute for Employment Research on behalf of the Federal Ministry of Labour and Social Affairs.

The job centres were selected by a combination of random selection and theoretical sampling (Glaser and Strauss, 1967). In the first step, a random sample of 15 out of 400 job centres was drawn, which was subsequently checked for variance with respect to urban and rural areas, east-west-north-south regions and several labour market features. Further job centres were selected according to the theoretical sampling based on the insights gained from the first interviews. The interviews were analysed with a combination of content and sequence analysis methods (Glaser and Strauss, 1967; Oevermann *et al.*, 1987). First, selected

interviews were analysed word by word to explore categories and develop concepts, which in turn structured the content analysis. The coded interviews were compared according to their congruence (intercoder reliability) and adapted to each other, in order to code the whole interview material using a content analysis programme.

### *Interpreting participation in terms of recognition*

All managers and professionals from job centres refer to recognition when they explain how they understand participation. What varies are the aspects of recognition they stress. The empirical data show four distinct patterns.

#### *Pattern I: recognition through a 'simulated normality' that works*

In the first pattern, employment is regarded as the central mode of sociality and a person's value is connected with integration into the sphere of achievement. Consequently, participation is seen in terms of gainful employment, whereby the aspect of legitimate appropriation of financial resources through work is emphasised. Those who are not part of working society appear as potentially excluded. Recognition and participation are closely linked in this pattern, emphasising the reciprocal character of recognition. Self-esteem needs to be mirrored by others as performing a socially useful task.

'Participation means that the customer gets the opportunity to say for himself: I contribute something to this society, I am worth something to myself or I am worth something to everyone'. (Team leader)

The primary distinction made here is dependency on unemployment benefits and money earned through work, which frees individuals from the stigma of reliance on welfare. Hence, the emphasis is less on the recognition opportunities provided by subsidised employment and more on avoiding experiences of disrespect that interfere with the relation-to-self: as subsidised employees, the unemployed can once again feel like productive members of society: 'You can say now: I'm going to work'. There is no need to hide (self-exclusion) or to confess to being out of work.

So, job centres in pattern I emphasise that the POA opens up real employment relationships with regular employment contracts and pay. The law enables a change of status from benefit recipient to employee, even if the employment is subsidised. The job centres reflect that this constitutes a kind of simulation, but one that works psychologically for the clients. Participation is therefore not linked to regular employment on the primary labour market, but to a regular, albeit subsidised, employment relationship. Some job centres belonging to the first pattern perceive the simulation as particularly successful if the subsidised employment comes close to the standards of regular employment (collectively agreed wage level, bonuses). In this variant, participation is additionally linked to the idea of 'good work', i.e. to appropriate institutionalised recognition for the contributions made to society's value creation. Here, the POA appears as a restoration of institutionalised respect because the Hartz reforms involved considerable funding cuts for subsidised



employment, particularly for schemes that provided jobs with conditions similar to those of regular employment.

*Pattern II: recognition for contributions to the common good*

In pattern II, participation is also explicitly not linked to regular (unsubsidised) employment. However, unlike the first pattern, the job centres belonging to the second pattern do not link participation to a simulated labour market normality, either. The decisive factor is their understanding of the target group: people with multiple issues, often health-related, and therefore with severely limited performance capacity.

‘So, from that point of view, it is not a basic requirement to say that it has to go into the regular labour market, but it has to be meaningful work for the person’.  
(Team leader)

Meaningful work in this case means that the working conditions must be tailored to the clients’ specific problems so as not to overburden them. It is feared that the clients will be unable to cope with the performance requirements under normal conditions and that the expected positive recognition effect will thus be reversed. This makes a specific ‘arena of recognition’ necessary, in which the participants are given the feeling that their work is socially useful, despite their limited productivity. Such an arena is found especially in the non-profit sector or community service. While participation in the first pattern means being part of an economic value chain and pursuing a productive activity, in this case, participation means being part of a social whole and contributing to the common good. The subsidised employees provide services that would (or for financial reasons could) not otherwise be provided, but which nevertheless benefit others.

In pattern II, it is an accepted reality that the long-term unemployed classified as employable include some individuals who actually have no chance of finding regular employment. From the perspective of the job centres, these unemployed people have received insufficient support due to a lack of suitable instruments. Hence, the POA is understood as a legal readjustment that eliminates this deficiency within Social Code II.

*Pattern III: ‘Real’ recognition as a future perspective*

The job centres belonging to pattern III, like those belonging to the first two patterns, see the POA as a remedy for the double exclusion experienced by the long-term unemployed before the law came into force, albeit under entirely different auspices. They see the POA as doing justice to the specific situation of the long-term unemployed by offering them a ‘last chance’ to re-enter gainful employment. An understanding of participation that focuses solely on supported employment and abandons the claim of a transition into unsupported employment is not accepted as an objective of the POA:



‘There (participation as primary goal) I would put a veto, because I think the strength of the program is its strong focus on areas where you also have a perspective to earn your own money, [ . . . ], simply because of your own work performance’. (Job Centre manager)

In this pattern, participation is associated in particular with self-earned income, as this is seen as a central expression of achievement recognition. Only if the money earned can be related to one’s own skills is it one’s ‘own money’. In this respect, simulation in the form of subsidised employment does not work, since a person’s own performance is implicitly marked as inadequate and is financially compensated. The simulative character of subsidised employment is also problematised due to the time limits. Only regular employment opens up permanent prospects. Against this background, the rejection of protected working spaces is understandable, since they appear from the outset to be a dead end rather than the necessary bridge into the regular labour market. The bridging function of subsidised employment is thus justified here by adopting the perspective of the unemployed and not simply by referring to the activation paradigm. The job centres claim that they want to find permanent solutions for the long-term unemployed and to protect them from a simulation, which is likely to lead to the experience of disrespect due to the limited duration of the support. However, job centres in this pattern do not regard simulated work as meaningless. It can create moments of recognition that have a positive effect on the relation-to-self of those supported and thus represent an important resource in building employability.

The interpretation of the POA as a last resort aiming to get the long-term unemployed back into regular employment is associated with a specific conception of the target group. It relates to people who still possess a certain basic productivity and endurance; performance potentials that are not always immediately recognised by employers. The POA is seen as an instrument that can make these potentials visible over a longer period of time ‘on the job’.

#### *Pattern IV: the POA as an institutionalised expression of disrespect*

In the fourth pattern, ‘real’ participation is also equated with integration into the regular labour market. The job centres of patterns III and IV agree that subsidised employment does not go beyond a simulation. But the job centres belonging to the fourth pattern criticise the design of the law in a more fundamental way. They see the POA as a mere surrogate that does not compensate for the recognition opportunities that can be gained through regular employment. The unemployed are relegated to a special area that actually prevents them from taking up regular work. This means not only that ultimately no ‘real’ chances of recognition are opened up but also that the subsidised participants are even exposed to discrimination:

‘Because the second or the third labour market strongly differs from regular employment. I think it also discriminates in this form and that is just not social participation and integration and opportunities’. (Department manager)

Protected working spaces are somewhat stigmatised. Subsidised employment is seen as meaningless and unproductive work, as occupational therapy. This implies that these job centres demand that all unemployed people have a right to regular employment because that is the only way to experience social participation and recognition. In this respect, they assume that all unemployed individuals can be integrated into regular employment. In contrast to pattern III, which emphasises the bridging function of subsidised employment, the possibility of building employability is disregarded here.

The opinion of the job centres in pattern IV is normatively charged: only the ‘work first’ principle is the right yardstick and guarantor of participation. They adhere strictly to the formal definition of Social Code II: unemployed persons who are entitled to basic benefits are considered employable and therefore the right to placement in regular employment must be maintained for them. In view of this, the job centres even regard the POA as a form of institutionalised disrespect.

### *Implementation process: getting recognition into practice*

The understandings of participation with their specific references to recognition influence the way job centres put the POA into practice. What fundamentally distinguishes the four patterns is whether participation and recognition opportunities are located in subsidised employment (patterns I and II) or solely in regular employment (patterns III and IV). In the latter case, subsidised employment is seen at best as having a bridging function (pattern III). In the empirical data, we find a correspondence between this localisation of recognition within or outside of subsidised employment and the law’s practical implementation.

### *Selection of benefit recipients*

The job centres belonging to patterns I and II tend to select from the eligible long-term unemployed those who only have prospects of participation and recognition within the framework of subsidised employment. The selection is therefore based on the candidates’ individual problems and, especially in pattern II, on the assumption of permanent problems. The benefit recipients’ reasons for participating in the programme are important in themselves. The focus is on voluntariness, and the candidates tend to be addressed as autonomous subjects capable of acting. Their needs, limitations and aspirations are taken seriously.

A comparable focus on the subject is not found in patterns III and IV. Those job centres tend to select those with the best chances to reach gainful employment. They are guided by the (supposed or tangible) expectations of (private) employers and, especially in the case of pattern III, assume that the candidates have capacities for development. The question is which individuals to ‘hand over’ to employers, because only if they are satisfied does a transfer to unsubsidised employment appear realistic; a phenomenon, which is well known as ‘creaming’ (e.g. Carter and Whitworth, 2015).

Here, too, motivation is an important criterion, not for the recipient's sake, but because it is one of employers' key expectations. Furthermore, the performance gap between regular and subsidised employees must not become too large and participants must be able to comply with basic operational requirements (e.g. starting work on time) so as not to disrupt work processes.

'Imagine you have a farmer with six permanent employees, he can't afford a seventh if he doesn't have a basic level of productivity'. (Job Centre manager)

### *Selection of employers*

Similar trends are evident in the acquisition of jobs. In the first two patterns, employer acquisition is participant-centred. There is an openness to different employers (welfare organisations, public institutions, private for-profit companies). The decisive factor is matching the candidates' needs and the working conditions, because this ensures that the recognition opportunities opened up are feasible. Especially the job centres belonging to the second pattern emphasise the necessity of tailored 'recognition arenas'.

'We look at things from the customer's perspective, what do they need in terms of working conditions, [...], the employers and service providers are just a tool for us'. (Job Centre manager)

If the job centres feel competent to know what constitutes suitable work, it may conflict with the candidates' right to have their own say. However, the risk of experiences of disrespect arises not only from unsuitable organisational standards of recognition; the high subsidies can also raise questions about fairness in performance and result in disrespect (such as workplace bullying). Thus, good employer-based expectation management by the job centres also promotes recognition (or disrespect) in subsidised employment.

In contrast, the job centres belonging to patterns III and IV show a clear preference for private employers. This focus is again due to seeing participation and recognition in (future) regular employment. The subsidised employees should become accustomed to 'real life'. There is also expected to be a so-called 'glue effect': if the programme starts with a private employer, the participant may find a niche there and eventually be given a permanent contract. Here, the necessity of appropriate working conditions is primarily argued with a view to maintaining subsidised employment. The latter seems important because the employees should be able to present themselves as potentially worthy of recognition (and not as overestimated), and employers should be satisfied with the instrument (also in order to continue participating in the programme). In addition, attempts should be made to prevent people from dropping out of the programme so that the job centres can report the implementation as successful. This also concerns the reputation that the job centres gain from higher-level authorities or political actors for 'good' performance.

*Job coaching*

All job centres, irrespective of their assignment to a particular pattern, attribute great importance to job coaching. In the case of patterns I and II, the focus on the subject is again evident. Coaching concerns a holistic treatment of individual problems and includes the involvement of third parties, such as family assistance or debt counselling. The aims are to stabilise the individual and provide support in coping with life and everyday problems. The voluntary nature is regarded by the job centres as a prerequisite for the success of the coaching. In general, the organisational culture in several of these job centres is characterised by a trust-based approach to counselling, with little or no pressure, which is particularly important regarding the group of long-term unemployed. According to these job centres, the POA – with its emphasis on voluntary participation in the programme and the element of coaching – shows that this necessity has reached the political realm. In terms of recognition theory, this means that the unemployed regain enhanced respect in the sphere of law. However, the holistic support offered can also take on overbearing features, for example, when members of the subsidised person's household are also invited to coaching. In patterns I and II, the promotion of the autonomous subject can also turn into overprotection and paternalism.

In patterns III and IV, coaching focuses more on the immediate employment relationship. It deals with workplace-related problems and personal issues that could have a negative impact on the employment. The primary aim is to prevent dropouts. In some cases, the idea that private employers could be the key to regular labour market integration is so strong that even coaching is mainly understood as a service for them. Overall, coaching has a disciplinary function. It is intended to ensure that the participants behave properly in the labour market.

‘And that’s why we said, this weekly contact, to really check again. [ . . . ] So not that we accept it after one time when the customer says they don’t need it’.  
(Department manager)

However, the narrow support of the participants can also result in job centres being informed about employers’ misconduct. Since the job centres belonging to these two patterns consider the close support via coaching to be a central factor for the success of the subsidised employment and the future transition to the labour market, coaching is mandatory, even though a missed session would not result in disqualification from the programme. In line with the organisational culture in these job centres, there is no exception from the motto of demanding for the POA.

Overall, it can be seen that when participation and recognition opportunities are located within the framework of subsidised employment (patterns I and II), implementation is more oriented towards the subject. The claimants are basically addressed as autonomous individuals, and there is greater scope of action on the part of the job centres. In contrast, where participation and recognition are seen in regular employment (patterns III and IV), the implementation process is more predetermined. There is a stronger orientation towards the employment relationship and the desired subsequent labour market integration. Also, a stronger educational focus on the benefit recipients can be observed, who are to become acceptable workers.

## Conclusion: challenging the neoliberal recognition order?

Against the background of the neoliberal labour market policy implemented in Germany since the early 2000s with its exclusionary and institutionally degrading effects, we have reconstructed the POA – at least on paper – as a ‘policy of dignity’ (Margalit, 1998). Based on this, we addressed two questions in our empirical analysis: First, whether the POA represents a ‘policy of dignity’ in practice. And second, whether there are indications of the POA challenging the neoliberal ‘recognition order’ (Honneth, 2003)?

Regarding the first question, our job centre sample shows four distinct patterns of the law’s interpretation. In three of them, the POA is interpreted as a ‘policy of dignity’, but in one, surprisingly, as a ‘policy of disrespect’. On the one hand, the POA is regarded as a ‘policy of dignity’ because it enables the supported individuals to resume some kind of regular working life, even if it is in sheltered spaces. The law thus finally recognises that not everyone who wants to work can actually find a job in capitalist labour markets (patterns I and II). Alternatively, the POA is considered a ‘policy of dignity’ because it offers participants the prospect of regular employment again (pattern III). Here, the POA represents an instrument for labour market integration that takes into account the special situation of the long-term unemployed. It grants time and provides structures that make it appear possible to (re)gain employability even for this group.

On the other hand, the pattern in which the POA is seen as a ‘policy of disrespect’ (pattern IV) is based on the assumption that genuine participation and recognition necessarily require regular employment. Therefore, the POA can only be a suboptimal surrogate that deprives the unemployed of their right to ‘genuine’ labour market participation and social esteem. The POA is even interpreted as stigmatising. What is decisive, however, are the organisational arrangements that correspond to these patterns of interpretation: the patterns emphasising the objective of labour market integration encourage a tightening of the implementation processes, e.g. by selecting the best and focusing on disciplining and educating them. Both tend to run counter to a ‘policy of dignity’. Turning away from the objective of labour market integration in the case of patterns I and II opens up more freedom for job centres to treat the long-term unemployed as subjects and to respect their autonomy, which is more in line with a ‘policy of dignity’.

Concerning the second question, the first two patterns can certainly be understood as a challenge to the neoliberal recognition order, because the concept of participation is seen as an alternative to the ‘work first’ principle. Participation is not linked to regular employment but is positioned as a social right. These job centres thus challenge the basic neoliberal assumption that anyone who wants to work can work. The underlying challenge is evident in the fact that these job centres see themselves in need of legitimisation. They feel compelled to assert themselves against a hitherto hegemonic order of recognition, for instance, by discussing participation and its positive effects as a question of economic reason.

In patterns III and IV, we found different assessments of the law either as a ‘policy of dignity’ or a ‘policy of disrespect’. In both patterns, however, social participation is coupled with the ‘work first’ principle so the neoliberal recognition

order remains intact. While this is clearly the case in pattern IV with a strongly normative reference to the neoliberal recognition order, in pattern III, the connection is softer and based more on practical requirements, e.g. what happens to the participants after the funding ends. Here, however, the POA leads to a strengthening of the neoliberal recognition order via a detour: job centres in this pattern state that the POA enables the activating welfare state to serve the group of very hard-to-place clients. This new ability to act improves the image of the job centres and boosts employee motivation. Obviously, the latter had not been happy about their helplessness vis-à-vis this target group. In a sense, the POA alleviates the everyday experience of the job centres that the ‘work first’ principle has reached its limits. In this situation, the POA acts as a repair kit for the faith in the approaches of a neoliberal labour market policy that has become fragile in practice.

Even if the POA challenges the neoliberal recognition order with its ‘work first’ principle, it is also evident that it maintains the focus on gainful employment as a central source of recognition. The POA thus points neither towards a ‘post-work society’ nor towards ‘post-productivism’. What the POA shares with these debates, however, is the criticism of a welfare state regime that seeks salvation almost exclusively in commodification, since such a regime inevitably produces degrading exclusion, at least for those who cannot comply with this imperative for a variety of reasons. In this regard, the POA shows that emphasising participation can be a step away from a labour market policy that is primarily based on commodification and might therefore be a starting point for a ‘policy of dignity’.

When looking at programmes of subsidised employment in two neighbouring countries that belong to the same regime type as Germany, according to Esping-Andersen’s (1989) welfare-state typology, observations vary. In the Netherlands, a so-called Participation Act was introduced in 2015, which also provides for subsidised employment, including coaching, but, pursuing an austerity goal, declares labour market participation to be mandatory (cf. Knijn and Hiah, 2019; van Waveren, 2020; Betkó *et al.*, 2023). In Austria, the concept of participation plays hardly any role, although there is a programme very similar to the German POA, known as the ‘Job Guarantee’ (cf. Quinz and Flecker, 2022). The debate surrounding the consequences of neoliberalism is in full swing, a central diagnosis being that of a crisis of recognition (e.g. Sandel, 2020), which encompasses growing socio-economic inequalities. Not least in light of the rise in populism and nationalism, it would be worthwhile for comparative welfare state research to take a closer look at whether this crisis of recognition is reflected in a path- and/or regime-dependent trend towards policies of dignity that question the neoliberal order of recognition.

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## Notes

- 1 The reforms are named after former VW manager Peter Hartz who, on behalf of chancellor Schröder, headed the Commission for Modern Services in the Labour Market.
- 2 'Policy of dignity' (Politik der Würde) refers to the German title of Margalit's book.
- 3 Further opposites are integration (e.g. Berghman, 1995) and inclusion (cf. Enslin and Hedge, 2010).
- 4 Unemployed are considered employable if they can work at least three hours a day.
- 5 For research that addresses funding recipients' appropriation of the POA, see Raab (2023).
- 6 Due to social distancing measures in response to COVID-19, the possibility to conduct interviews face-to-face was limited.

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