



Active labour market policy as a source of legitimacy for governments of Central Europe countries – comparative analysis

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ABSTRACT

Background: Active labour market policies (ALMP) are relatively new government programmes for Central European countries. The Visegrad Group (the Czech Republic, Hungary, Poland and Slovakia) have enjoyed economic growth since 1989, when Soviet Union influence decreased. Second event, which triggered their rapid growth, was the membership in the European Union of all V4 countries in 2004. The most important and still unsolved problem among these countries is the unemployment. In many economies, both developed and developing, we can assume that proper labour market policy can be a source of legitimacy for governments (King and Rothstein 1994, p. 291). This article addresses the question about the value of ALMP in relationship between government performance on the one hand and citizen satisfaction and trust in government on the other. **Research aims:** The aim of the study is to compare three main categories of ALMP (public employment services, training schemas, employment subsidies) in the V4 member states and analysis of their impact to legitimacy of governments according to the three hypotheses: (1) the trade-off hypothesis, (2) the synergy hypothesis and (3) the independence hypothesis. **Methodology:** The adopted research method was an analysis of the reports of the public sector in the Visegrad Group countries, as well as foreign and national literature studies. **Key findings:** The analysed research results clearly show a different approach in performance of ALMP in the V4 member states. Well performed active labour market policy (for example signified by low unemployment rate) is a source of legitimacy for governments according to the synergy hypothesis.

Keywords: Public administration; unemployment rate; the Visegrad Group (V4)

1. INTRODUCTION

In the last years, most of the world economies including some of the Visegrad Group countries (V4), suffered from an economic crisis. This crisis has affected mostly the labour market, because the level of unemployment mainly depends on the economic situation. *A period of an economic crisis is characterized by a reduction of labour demand and a rising level of unemployment, whereas a period of economic prosperity entails the opposite phenomenon* (Zielinski 2015, p. 186).

In this article an extended theoretical model of the one formulated by M. Zielinski (Zielinski 2015 pp. 185-201) is proposed. This model states that, labour market responds to the changes in economic conditions, therefore a given country (government) tries to adjust the structure of labour supply to the demand and to counter the imbalance in the specific segments of the labour market (Zielinski 2015 p. 200). *There is no doubt that the business cycle influences unemployment* (Tvrđon 2014, p. 605). The extension of this theory concludes a proposition of three hypotheses: (1) the trade-off hypothesis, (2) the synergy hypothesis, and (3) the independence hypothesis.

The basic instruments of the state intervention, aimed at reducing the level of unemployment, are described and used by the labour market policy. With higher levels of unemployment, one may access the additional resources for labour market policy activated by the state in order to avoid turning this situation into a phenomenon of long-term unemployment. *In the context of labour market policy, the state has a range of instruments at its disposal, which can support the unemployed in the job search process* (Zielinski 2015, p. 186). These instruments of labour market policy can be divided into passive and active ones. This article focuses only on active labour market policy as a source of legitimacy for governments of Central Europe countries. It is very important to notice, that different states have different labour market policies. Therefore, there are differences in performance in service production related to labour market (Gustavsen et al. 2014, p. 1).

In this article it is assumed that legitimacy *is the right and acceptance of an authority*, usually a governing law which helps citizens thrive on the labour market. Whereas “authority” denotes a specific position in an established government, the term “legitimacy” is related to sphere of “influence” or trust. This assumption is important to introduce the three hypotheses: (1) the trade-off hypothesis, (2) the synergy hypothesis, and (3) the independence hypothesis to explain impact of ALMP to legitimacy of governments (Gustavsen et al. 2014, p. 4).

Some authors (Wincenciak 2010 p. 859, Jarmołowicz and Knapińska, 2005, p. 97) claim that instruments of the labour market policy should be tailored to the current situation and trends in the structure of unemployment. Although *the labour markets of individual countries do not always respond to changes in the economic conditions in theoretical studies* (Zielinski 2015, p.186). Labour markets reactions are dependent on many factors, the most important of which seem to be the level of economic development and the structure of the economy (structure of employment by the sectors). Therefore, this article concerns analysis only on Visegrad Group countries and their active labour market policy.

The text is organized as follows: the first part describes the V4 countries economy and their problems on their labour markets. The following section distinguishes elements of the active labour market policy. The next part briefly presents the legitimacy of V4 governments and analyses the three hypothesis of governments’ legitimacy sources. The final section contains brief conclusions and questions which should be addressed in further studies.

The aim of this article is to compare three main categories of Active Labour Market Policy (ALMP) in V4 member countries and to analyse their possible impact to governments legitimacy. This article is the result of a conviction that the governments' legitimacy fundament is not based on Weber's three main pillars (the three types of legitimate rule) but on the performance of active labour market policy where governments' legitimacy can rely on or can help to build a legal authority. It can be assumed then, that proper labour market policy can be a source of legitimacy for governments (King and Rothstein 1994, p. 291-293).

2. THE VISEGRAD GROUP

The Visegrad Group is an alliance of four countries: Czech Republic, Hungary, Poland and Slovakia, located in Central Europe. This group was founded in 1991 and one of its goals is better economic cooperation with one another. Member states of the V4 group were until 1991 under the huge economic and politic influence of the Union of Soviet Socialist Republics and were also members of the Warsaw Pact (a military alliance). This common history and shared experience allow us to think about these countries as operating *at similar level of economic development* and the *whole group can be characterized by a similar structure of employment* (Zielinski 2015, p. 186). Moreover, all four nations in the Visegrad Group are now high income countries which joined the European Union in 2004.

If counted as a single state, the Visegrad Group *is the fifth largest economy in Europe and 12th largest in the world* (Hahn, 2014 p. 5). Economic situation is similar in these countries, but not the same - for example Slovakia in 2009 adopted the euro as its national currency after fulfilling the euro convergence criteria. Whereas other V4 countries retained their national currencies.

M. Tvrdon has proved in his article, that development or problems of V4 countries were also reflected in the labour market. The unemployment structure in Visegrad Group countries is different for each country. In case of the Czech Republic, Poland and Slovakia, the structural unemployment trend has decreased, in Hungary it has increased. *This is mainly due to internal economic problems associated with public finances and government debt* (Tvrdon 2014, p. 610)

The economy of each member country of Visegrad Group is different from one another. This was proved on the basis of a report revealed by the International Monetary Fund which compared all four countries by Gross Domestic Product, based on purchasing-power-parity in 2015. The most developed country in the group is the Czech Republic (USD \$32,622 per capita), followed by Slovakia (USD 29,209 per capita), Poland (USD 26,402 per capita) and Hungary (USD 25,239 per capita) (International Monetary Fund, 2014).

The Economic crisis has caused an increase in unemployment which is main and still an unsolved problem among V4 countries (table 1). Unemployment occurs for example when a person who is actively searching for employment is unable to find a job (Sulich 2016, p. 928). Unemployment is often used as a measure of health of the economy. The most often used measure of unemployment is the unemployment rate. This is usually the number of unemployed persons that are actively searching for employment divided by the number of people in the labour force. As presented in table 1, the lowest unemployment rate in the period 2007-2014 was observed in Czech Republic (average 6,3%), when the relatively highest was in Slovakia (12,8%).

Table 1. Unemployment rate - annual average [%].

Country	2007	2008	2009	2010	2011	2012	2013	2014	Average
Czech Republic	5,3	4,4	6,7	7,3	6,7	7,0	7,0	6,1	6,3
Hungary	7,4	7,8	10,0	11,2	11,0	11,0	10,2	7,7	9,5
Poland	9,6	7,1	8,1	9,7	9,7	10,1	10,3	9,0	9,2
Slovakia	11,2	9,6	12,1	14,5	13,7	14,0	14,2	13,2	12,8
EU-28	7,2	7,0	9,0	9,6	9,7	10,5	10,9	10,2	9,3

Source: own calculations based upon data from (Eurostat, 2016a and 2016c)

In Table 1 the unemployment rate for V4 group countries was presented and compared with all EU-28 member states. The changes in the level of unemployment were correlated with the changes in economic conditions. It appears that their direction is consistent with the literature model proposed by M. Zielinski. This model assumes that *labour market does not require any state intervention and regulate itself demand and supply for work* (Zielinski 2015, p. 188). An economic slowdown was accompanied by a decline in employment and a rise in unemployment. However, the problem of unemployment is very complex because there are numerous ways how to decompose it (e.g. voluntary vs. Involuntary; long-term vs. short-term).

There are movements between two categories of labour force such as: unemployed or employed. Therefore, unemployment can be decomposed into the following components: seasonal, cyclical and structural. Each of this group is a measurable stock of people, which are simultaneously being depleted and replenished by numerous flows into and out of each category. Changes in these rates of these flows can significantly affect the unemployment rate. The structural component in V4 countries seems to be the most important component of unemployment. The average unemployment rate among V4 countries in the years 2007-2014 was 9,5% when in the EU-28 it was 9,3% for the same period (Table 1). According to M. Tvrdon, the overall rate of unemployment *does not distinguish between the labour force who are experiencing short unemployment spells and those who are going through long periods of unemployment* (Tvrdon 2014, p. 604).

Economic fluctuations, which usually appear first in the financial market, cause changes in the goods market and then in the labour market. These changes are visible in the level and structure of employment and unemployment. The economic crisis causes a decrease in the demand for work reported by employers. An economic downturn reduces the liquidity of the labour market because employers often protect their employees from dismissals, and one of the first measures to reduce the scale of the necessary reduction in employment is to suspend the inflow of a new workforce. Such a strategy adopted by employers particularly affects young people, including school graduates, who are also perceived by employers as being low-skilled, because they do not have any or a poor professional experience. *Staying outside the group of employed leads to the depreciation of human capital concerning graduates and*

causes perturbations in their careers (Wincenciak, 2010, pp. 859-860). The situation of young people in the period of accelerating economic growth usually improves, when new businesses are created and the existing ones usually want to increase and supplement their staff.

3. THE NEW PUBLIC MANAGEMENT AS AN ELEMENT OF GOVERNMENT LEGITIMACY

The term New Public Management (NPM) is used widely in academic, governmental and organizational discussions, but is rarely defined. In this chapter it is defined in three ways. First as a movement: ideas, set of beliefs or ideology from which actions followed in anticipation of particular consequences. The core of this ideology emerged in the 1980s among politicians and their advisers, in countries where governments, at its levels (national, regional or local), had strong traditions of directly organizing, providing and managing publicly funded public services (Dawson and Dargie, 2002 p. 34). Second as a subject of academic studies and discussions. Third as a set of practices that can be observed in recent public sector reform.

The core of the NPM as a movement can be discerned as influential in the development of public sector reform programmes in the 1980s and 1990s in Visegrad Group countries especially. These reforms were caused by a few factors coming out of assessment of this part of public administration working on labour market administration. These results of assessment stated that the public sector is inefficient and often ineffective and that neither led to cost containment nor to quality improvement. The assessment of performance given by public administration affected mostly politicians because of an increasingly dissatisfaction and then their electorate do not support them anymore. Therefore, politicians and their advisors turned to the private sector for advice on how to effect change. The ideology extended to a belief that the public and the private sectors did not have to be organized and managed in completely different ways. *Indeed, that would be better for the public sector if they could be organized and managed as much like the private sector possible* (Dawson and Dargie, 2002). Scientists (McKevitt 1998 p. 45-47, Osborne and Gaebler 1992 p. 218) advocated that government needed to *be more entrepreneurial in order to secure more, better and for less* (McKevitt 1998 p.47). Introduced new approach to be more 'business like' involved new management practices in human resource management: appraisal, performance management and seeking to recruit senior managers from the private sector. *Thus NPM ideology begot new public organizations with their own boards were enjoined to employ new public managers*, who were exhorted to be like their private sector counterparts (Dawson and Dargie, 2002 p.38).

From the vision of NPM as a movement to the subject of academic discussion it needs to emphasise that this is not only a part of theory. However academic communities which have studied public services neither predicted nor encouraged the shape of the reforms. As practice developed and academic discussion *continued coincidentally, so commentators began to note that what had looked like a unified reform movement was in fact revealed to be highly differentiated phenomena, in which there were national and sectoral differences* (Dawson and Dargie, 2002 p. 38). Furthermore, the reforms related to labour market policies, themselves were the subject of disagreement about their efficacy (Wincenciak 2010, pp. 859-860; King

and Rothstein 1994, p. 291). The scientific community began to point out the circumstances in which the promised consequences of NPM were not being achieved.

Third is NPM in practice, which can be demonstrated on the example of Visegrad Group public administration actions towards growing unemployment in these countries. This services are based on three main features of the ALMP as introduced in the 1990s, which can be described as:

- the introduction of techniques of business management, with an emphasis on efficiency,
- a greater service and client oriented,
- the introduction of market mechanisms and competition into public life.

Within these various standards of belief and action represented in NPM, it can be assumed as the relationship among ideology, theory and actions. However, even the best public administration, which can be an example for NPM oriented institutions cannot exist without:

- joined up action,
- re-engineering mainstream programmes,
- maximizing community involvement.

4. THE LABOUR MARKET INSTITUTIONS ASSESSMENT

There is limited presence of quantitative work in public service efficiency researches. Most of the researches and assessment is based on qualitative methods. However, one quantitative method is usage of the Labour Market Institutions Index (LMII). This index allows to assess each member country of the EU on five different labour market institutions, compares setups across countries and tries to match them with labour market outcomes.

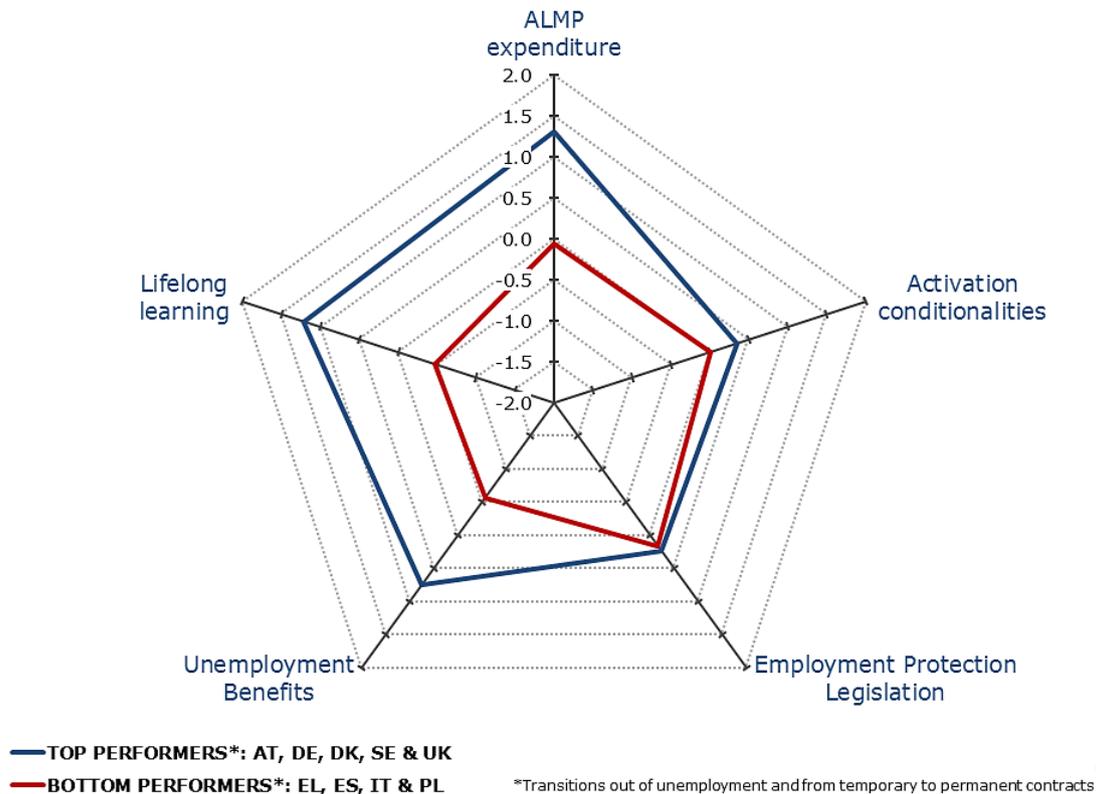
The LM institutions have tools to realize ALMP of the government. These instruments are crucial in ensuring a well-functioning labour market, one in which unemployed people find a job quickly and workers on temporary contracts move on to permanent jobs (axis y on Chart 1). These transitions are examples of so called "labour market outcomes". The LM institutions are organizations with instruments such as:

- active labour market policies (ALMP), for example employment subsidies and job-counselling,
- unemployment benefits,
- lifelong learning policies (for example on-the-job training),
- employment protection/legislation, such as rules regarding dismissing permanent employees,
- activation conditionality's (for instance when an unemployed person needs to participate in some forms of ALMP in order to continue receiving unemployment benefits).

The goal of the assessment is to examine policy instruments, to see if they are effective and in which cases they work best. As presented on Chart 1, results for assessment of each country's LM institutions are based on LMII which bounds all instruments together and matches them with labour market outcomes. Therefore, the Labour Market Institutions Index

(LMII) reflects top five dimensions of this assessment, which as an example based on EU-27 are presented on Chart 1.

Chart 1. Labour Market Institutions Index (LMII) for all EU-27 countries in 2012.



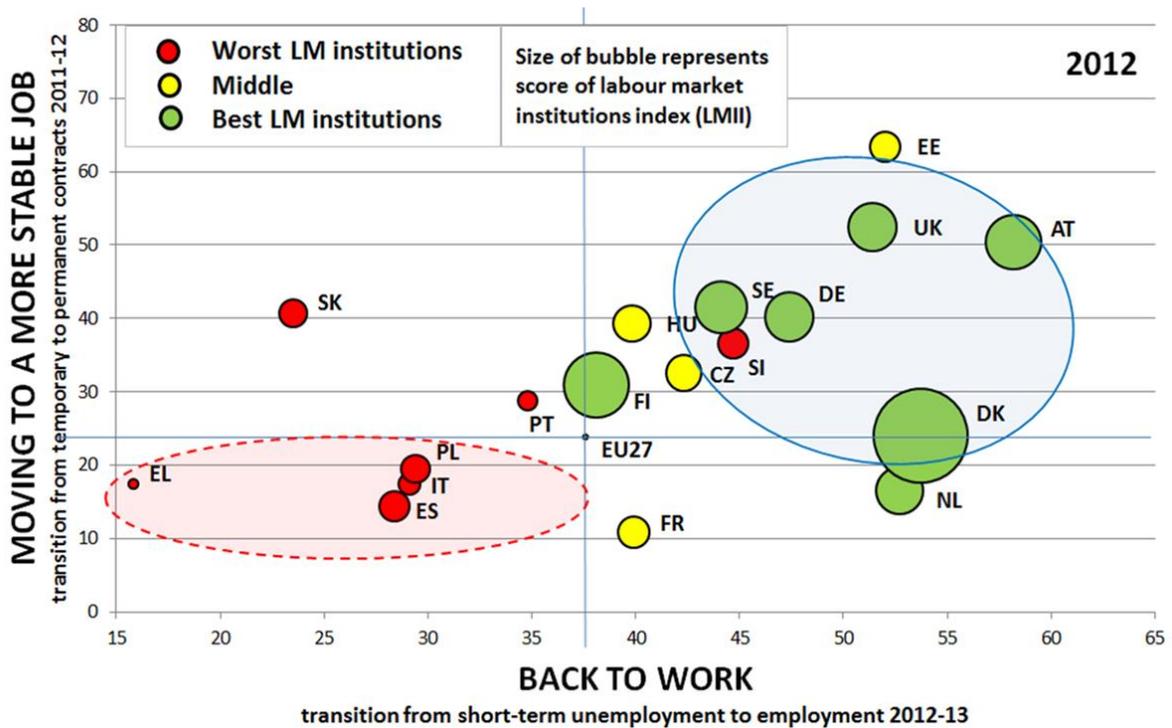
Source: (European Commission, 2016)

On Chart 1 presented the worst – marked red, and the best - marked in blue performers as two lines above or below the reference zero point established the average numbers for all EU-27 countries. In one case all times go together reaching the same level which is employment protection by legislation. Harrow notes that the major concern of the NPM was with efficiency, economy and effectiveness, not equity (Harrow, 2002, pp. 144-145). For most of chosen countries in this research it was not designed to tackle exclusion from labour market (axis x on chart 2) but to turn ALMP into more business orientation. Chart 1 is related to chart 2, because it is based on the data for the same year. Moreover, the data presented on chart 2 consist LMII as a size of coloured bubble. Therefore, it is possible to asses some Labour Market (LM) institutions because of chosen indicators as presented on chart 1.

Chart 2 presents LM institution assessment in two dimensions: transition from temporary to permanent contracts in % (2011-12) and transition from short-term unemployment to employment in % (2012-13). This assessment performed by the European Commission in 2013 based on Eurostat data showed that Polish LM institutions are one of the worst performed. They belong to red group countries, which also consist countries which labour market suffered most during the economic crisis (2007-2012). In the same group are:

Spain, Italy and Greece. According chart 1 in 2012 in Poland less than 25% of employed in temporary contracts began a permanent job and less than 30% of people came back to work from short-term unemployment. Among the analysed in this paper V4 countries there are LM institutions who perform better than Poland, and they are Czech Republic and Hungary.

Chart 2. Assessment of chosen countries in European Union in 2012.



Source: (Eurostat, 2013)

Labour market institutions assessment with worst score were market in red, middle yellow and the best in green. They were also grouped which shows strong polarization between effectiveness among LM across Europe and strong differences between ALMP. Best performers are LM institutions from Austria, Germany, Denmark, Sweden and United Kingdom which has more active LMP than grouped in red are countries.

5. THE ACTIVE LABOUR MARKET POLICY

In their article, King and Rothstein have presented two main types of labour market regimes. *First, social democratic labour market policies combine macro Keynesian measures with micro labour market measures to provide comprehensive placement services and training programmes for job seekers. Second, neo-liberal policy which prioritize business interests and link this priority with labour market measures to shape the workforce to meet employers' needs.* (King and Rothstein 1994, p. 291). Therefore, we can also distinguish two main directions of Labour Market Policy – active and passive, which measures these two ideological approaches.

As mentioned above there are two main directions of the labour market policy: passive and active. The passive instruments are of a protective nature, and their goal is to reduce risk of a sudden drop in incomes and the associated threats (e.g. social exclusion). The passive labour market policy instruments include benefits for the unemployed, early retirement, and severance pay for the dismissed. *The active labour market policy instruments are designed to increase the chances of permanent employment of the unemployed* (Jarmolowicz and Knapińska, 2005, p. 97). In addition to the prevention of deactivation of the unemployed, they are aimed at activating the inactive people.

Table 2. Examples of the ALMP instruments

Instrument	Description
labour market services (job search assistance)	job agencies or counselling conducted by the public services (labour offices) which decrease the exploration costs on the labour market (both for employers and employees)
training programs	improving the qualifications of the unemployed through courses in training institutions, as well as apprenticeship and professional training at the headquarters of employers
supported employment and job creation	financial support for the employers of people who were previously unemployed, activation allowances for the unemployed who are about to take jobs, subsidy and advisory assistance provided to the unemployed setting up their own businesses (start-up incentives)
supported employment and rehabilitation	initiating special programs designed to promote employment of people with disabilities (supported employment, financing of trainings, additional job search assistance for the disabled)
direct job creation	creation of temporary jobs in the public sector entities and non-governmental organizations
special programs for young people	trainings, supported employment, job search assistance

Source: own adaptation based upon data from (Eurostat, 2016b)

The Active Labour Market Policy (ALMP) is considered by many authors as far better than passive policy (Wincenciak 2010 p. 859, Jarmolowicz and Knapińska, 2005, p. 97, King and Rothstein 1994, p. 291) because it shifts the balance between redistributive and regulatory policy measures to promote employment. Instruments of ALMP, which are most often mentioned are listed in table 2. One of these tools are also institutionalized public employment exchanges (King and Rothstein 1994, p. 291).

Job centres and career guidance counsellors encourage the increase in the transparency of the labour market and the mobility of workers in reference to their qualifications. The system of trainings and development of employees contribute to growth of their skills, mobility, and professional activity (Kukulak-Dolata, 2003, p. 185). The state, through

employment services, may also decide to intervene in the labour market by subsidizing some of the costs connected with employment of the unemployed. Supported employment may take a form of organizing public works, intervention works, and preferential loans to employers who create new jobs or to the unemployed who are setting up their own businesses.

The effectiveness of activation of the unemployed depends on the economic situation. It decreases along with the increasing levels of unemployment, a decline in the labour market liquidity, and prolongation of the period of labour market imbalance. In addition, in the conditions of an economic crisis, the state operates at a strong reduction of the budget, and the transformation of supported employment into stable jobs is much less likely than in the conditions of prosperity.

6. LEGITIMACY OF V4 GOVERNMENTS

There is no one simple definition of legitimacy, however this article assumes after Gilley that legitimacy *is an endorsement of the state by citizens at a moral or normative level* (Gilley 2006 p. 502). This acceptance of government authority comes therefore from service performance (Gustavsen et al. 2014, p. 4). We can assume that based on information provided on chart 2 legitimacy of V4 should be significantly lower than legitimacy of other member states of European Union, best performers on LM (Chart 2).

However, labour market is a complex, multidimensional area of intertwined interactions between all participants of labour market. These relations are described by procedures (labour law) and performance (activity of public administration involved in labour market). Complexity of labour market is also based in culture and tradition, expressed in norms and beliefs. These interactions (sometimes too simply described as the relation between supply and demand for work) can be influenced by labour market policy. If labour market policy must succeed, it has to be transparent for all labour market participants. However, there are groups affected by the policy – the target groups – which have to feel that local staff administering programmes possess some discretionary powers to solve their problems.

A common understanding prevails that political systems generate legitimacy by both democratic procedures and performance in service production. However, we observe how the conventional sources of government legitimacy are challenged by changes coming directly from the labour market. These changes create capacity for New Public Management shift and its approach, which convey a simple input-output model of labour market policy.

In their article, King and Rothstein proved that the organization of public employment systems or labour market interventions contribute to the legitimacy of the state. *In case of employment exchanges, the target groups are organized labour (trades unions) and capital (companies and employers' federations) whose cooperation is crucial for every kind of government labour market intervention* (King and Rothstein 1994, p. 292). There are also two indicators which measure legitimacy of government according to King and Rothstein. First is the attitude of employers and trades unionists towards public exchanges. Second is the way of administering unemployment benefits and expenditures for active labour market policy (King and Rothstein 1994, p. 304). These expenditures are analysed in Table 3.

On the labour market there are also some problem groups (i.e.: young people, woman) which face discrimination. For these groups transparency of labour market is not less important than the active role of the country (legislation) in preventing their discrimination.

And only thanks to government legitimacy this counteraction is possible (King and Rothstein 1994, p. 306).

However, ALMP expenditures are only one from five points taken into account when Labour Market Institutions Index (LMII) is calculated (Chart 1). In case of V4 countries, ALMP expenditures are lowest in all EU countries. Though, there are other dimensions of the LM which can influence this assessment. Countries with lower than average spending on unemployment benefits (passive LMP) are also worst performers (Chart 2). As showed the V4 countries LM institutions are not top performers. On the other hand, some of them can distinguished Czech Republic and Hungary as best among all V4.

Gustavsen, Roiseland and Pierre, in their article, investigated the relationship between procedural and performance-based legitimacy. Then they formulated three models of this relation as trade-off (negative relation), synergy (positive relation), or independence (no relation) (Gustavsen et al. 2014, p. 8). In case of North European countries only a synergy model describes then relations between labour market law (procedures) and expenditures on LMP (Table 3) – which can be recognized as a performance of public administration. Based on data presented on chart 2 and in Table 3, it is proved that this relation is positive, however labour market institutions in V4 countries cannot be recognized as a source of the legitimacy of their governments.

The most recent data on the expenditure on the labour market policy (LMP) are available for the year 2013. To facilitate the analysis, the expenditures on LMP may be divided into three groups 1) labour market service (researches, access to information etc. 2) active and 3) passive labour market policies (Table 3).

Table 3. Level and structure of expenditure on LMP in the V4 Countries in years 2007-2013.

Country	Year	% of GDP spent on total LMP	Total amount spent on LMP (mln €)	Structure of expenditure on Labour Market Policy (% of GDP)		
				1	2	3
Czech Republic	2007	0,427	588,92	0,123	0,116	0,188
	2008	0,401	645,50	0,111	0,109	0,181
	2009	0,679	1007,66	0,120	0,153	0,406
	2010	0,668	1045,02	0,107	0,211	0,350
	2011	0,528	863,87	0,092	0,169	0,267
	2012	0,475	758,60	0,111	0,137	0,228
	2013	0,542	852,22	0,104	0,193	0,245
Hungary	2007	0,700	709,60	0,083	0,262	0,355
	2008	0,711	761,40	0,086	0,260	0,364
	2009	1,145	1069,14	0,087	0,383	0,675
	2010	1,349	1319,34	0,089	0,546	0,713
	2011	1,086	1026,40	0,079	0,348	0,659
	2012	1,083	1116,49	0,071	0,599	0,413
	2013	1,124	1131,19	0,083	0,700	0,340
Poland	2007	1,005	3151,50	0,095	0,401	0,509
	2008	0,903	3285,75	0,088	0,467	0,348
	2009	0,949	2985,23	0,097	0,519	0,333
	2010	1,021	3673,86	0,091	0,593	0,337

	2011	0,710	2675,69	0,083	0,328	0,299
	2012	0,758	2927,39	0,079	0,359	0,320
	2013	0,833	3303,21	0,079	0,408	0,346
Slovakia	2007	0,574	321,80	0,104	0,114	0,356
	2008	0,680	446,91	0,107	0,148	0,425
	2009	0,911	581,47	0,101	0,148	0,662
	2010	0,918	617,26	0,098	0,227	0,593
	2011	0,779	546,79	0,071	0,220	0,489
	2012	0,684	492,10	0,066	0,188	0,430
	2013	0,626	460,32	0,051	0,171	0,404

Source: own calculations based upon data from (Eurostat, 2016). Explanation of numbers: 1) labour market service 2) active and 3) passive labour market policies

Analysis of table 3 reveals that the highest levels of expenditure on LMP occurred in all analysed countries in 2010, two years after the first downturn of the economic situation. It was also the year in which all V4 countries noticed the highest unemployment rate (table 1). *Having high expenditures on LMP in 2010 was probably one of the reasons for reduction in the level of unemployment in the following year (Zielinski 2015, p.197).*

Table 3 presents also two groups of countries. First (Czech Republic and Slovakia) with leading passive LMP and the second group (Poland and Hungary) which had shifted their policy to an active one. New Public Management impact into performance is clear for V4 countries assessed as best of their group. The V4 countries joined EU as less developed than other member states. It is also important to remember that it is hard to discuss the importance of public administration, responsible for labour market policy because of its variations in different states' organization of the bureaucracy.

7. CONCLUSIONS

When economic performance declines and the unemployment rate rises during the economic crisis, then public service have to perform better and more efficient. This relationship was confirmed in the past several crises. The consequences of the recent crisis (2007-2012) lasted longer, affecting the labour market worldwide. Some countries changed their LMP from passive to active one, what is visible in expenditures. This change still needs more efforts form LM institutions. Most of them were assessed as bad performers according to LMII. Because unemployment is a visible problem in societies, therefore citizens assess bad politicians and government. The last crisis has influenced also the governments' performance-based legitimacy.

In this article it was pointed out that ALMP improve citizens' situation and their well-being, because the vast majority of them make an income working for someone else. Arguably the V4 countries are witnessing a shifting balance between redistributive and regulatory policy to promote employment. This shift was also cause by remodelling the managing of public administration according more business oriented, New Public Management approach. After careful analysis of the current situation in the Visegrad Group, it is hard to expect a spectacular decrease in unemployment the coming years, because these governments have no tools to support the labour market. However, the creation of job places

is limited. Some analysts forget this and conclude that an unemployment policy should not be the primary aim but rather an employment policy. We should worry less about unemployment and focus our attention and energy on the matter of employment. Second underlying assumption is that the labour market has also cultural dimensions expressed in norms and beliefs.

In future studies some more questions should be addressed about relations between performance and citizens' assessment. One of this question is: how the legitimacy of government influences public policy to promote employment in the V4 countries labour market. Is this legitimacy measurable? That is another dilemma.

As showed in this article there was a trend to increase the professional activity of the population in the Visegrad Group countries. Expenditures on LMP had positively increased the governments' legitimacy as proposed by Gustavsen synergy model. In the previously communist regimes of Eastern Europe, the re-organisation of basic services, health, and (presented in this work) labour market, along with the privatisation of public enterprises, presents huge problems. In less developed countries economic difficulties and external pressure are leading to a re-examination of the role of the state in economy. Therefore, government policy on labour market use accountability, which operates at two levels – the strategic level for which politicians are responsible, and the operational one which is sphere of the managers. Then the test of the legitimacy of the public service is the acceptability of the services it produces for the citizen.

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