1. Introduction

Introduced in 1997, the Open Method of Coordination (OMC) has allowed European Union (EU) member states to share experience and learn from policy experimentation (Heidenreich & Bischoff, 2008; Kerber & Eckhardt, 2007; Radaelli, 2008; Sabel & Zeitlin, 2008). On the one hand, through a governance mechanism of annual policy guidelines and national reports, the OMC seeks to promote convergence towards best practice and 'what works' among member states. On the other hand, this governance mode requires variation in national responses to unemployment in order to achieve a certain level of 'experimental governance' (Szyszczak, 2006) and thus facilitate policy learning through the co-existence of multiple models. Scholars are still debating about the most effective ways to sort the trade-off between a vertical method of policy benchmarking and horizontal mechanisms of competition and policy learning (Kerber & Eckhardt, 2007).

In the last two decades, this multilevel coordination process in EU employment governance has gone through several changes (de la Porte & Heins, 2015; Graziano, 2011; Sabel and Zeitlin, 2008). A noteworthy instance of change occurred rather recently with the adoption of the Youth Guarantee in 2013, which was first placed on the political agenda by a resolution of the European Parliament (2010) three years before. The adoption of the Youth Guarantee must be seen against the background of the economic and financial crisis as it unfolded in the EU from 2008 onwards, leading to a dramatic surge in youth unemployment levels in some member states (O'Reilly et al., 2015). The member states most affected by the crisis-induced increase in youth unemployment are the Southern European countries: Italy, Greece, and Spain (Bartolini, Gropas, & Triandafyllidou, 2017).

Based on previous experience with similar policy instruments by Finland and Sweden (Author et al., 2017; Bergmark & Palme, 2003; Mascherini, 2012), the Youth Guarantee marks a milestone in the EU's struggle against young people's socio-economic marginalisation. It calls on the member states to adopt measures which ensure that all young people, especially those who are not in education, employment or training (NEETs)[1], get a 'good quality' offer for a job, an apprenticeship, a traineeship, or continued education within four months of their leaving education or becoming unemployed. In marked contrast to the 'classic' European Employment Policy (see Graziano, 2011), EU funding is available for the implementation of the Youth Guarantee (Chabanet, 2014), even though remaining within the legally non-binding regime of the OMC. EU funding comprises the cohesion policy financing

[1] Originating in the United Kingdom (see Furlong, 2006), the concept of NEETs has diffused from there to the EU and beyond (see, e.g., Chen, 2011).

instruments along with the specially created Youth Employment Initiative that tops up the national spending on measures targeting young unemployment (Author et al., 2016; Author, 2017). This financial support can have two effects. First, it may provide an incentive towards experimenting with policy measures that are already in place in other EU member states but could be too expensive to implement without the additional funding. Second, the financial leverage of the European Commission could cultivate a policy shift toward a particular idea by steering the member states' policy activities through financial incentives (Batory & Lindstrom, 2011). This latter perspective suggests that the financial incentives attached to the Youth Guarantee can direct policy learning into a particular direction, resulting in a growing similarity of policies over time.

While the Youth Guarantee comprises many different features, academic observers allude to its commitment to labour market inclusion via activation measures (Lahusen, Schulz & Graziano, 2013, p. 304). As a result, in this study, we concentrate on the adoption of active labour market policies (ALMPs) that target young people. Concentrating on the period between 2007 and 2014, we examine whether the Youth Guarantee has induced reforms particularly in those countries that used to have the lowest levels of youth-oriented ALMP efforts. If the EU wants to improve the labour market situation of young people, it should primarily encourage reform efforts in countries that previously lacked a comprehensive policy portfolio to combat youth unemployment through ALMPs. These countries are, at the same time, those where the problem pressure is most severe, i.e. where levels of youth unemployment are highest, that is, the South European countries (see O'Reilly et al., 2015). Our benchmark for assessing the problem-solving capacity of the EU's Youth Guarantee is thus the extent to which it causes catching-up convergence among member states, diminishing the gap between 'leader' and 'laggard' countries when it comes to youth-oriented ALMPs.

Thus, we pose the following research questions: has the Youth Guarantee stimulated the adoption of youth-focused ALMPs among laggard countries, allowing them to close the gap to the leader countries? And how can we explain member states' youth-oriented ALMP reform efforts? We use a quantitative approach to answering these questions, thus adding to the few studies that have done quantitative analyses of the impact of the EU's soft modes of governance (see, e.g., Paetzold & Van Vliet, 2014; Kahn-Nisser, 2015). Moreover, relying on the LABREF database, an inventory of labour market reforms in EU member states maintained by the European Commission, allows us to use a very specific operationalisation and measurement of member states' policy outputs in reaction to the Youth Guarantee. We operationalise member states' reform efforts by the increase in policy instruments within the

scope of the Youth Guarantee as well as the increase in the relevant policy sectors in which these policy instruments are adopted. These are more direct and more specific indicators to measure government activity than the measures frequently used in quantitative comparative policy research, such as spending data or outcome data. By answering the two guiding research questions using an innovative research design, this article contributes to an emerging literature on the change of incentive structures within the OMC (Batory & Lindstrom, 2011; Hartwig, 2007; Hodson & Maher, 2002) as well as the research strand evaluating the Youth Guarantee (Piqué, Veà & Strecker, 2016).

This article unfolds as follows. The next section briefly illustrates the relationship between ALMPs and the Youth Guarantee to set the stage for the analysis. Section 3 develops the theoretical argument based on the literature of policy learning within the OMC and ALMPs. Section 4 presents the findings of several empirical tests of catching-up or beta convergence. Finally, Section 5 summarises the main findings and concludes.

2. The relationship between the Youth Guarantee and active labour market policies

Rather than prescribing one uniform policy model, the Youth Guarantee acknowledges that the supportive measures adopted by the member states need to take into account national, regional and local circumstances (Chabanet, 2014; de la Porte & Heins, 2015; Author et al., 2017). The necessity to develop a centralised policy approach that only includes entities at the federal level versus a decentralised approach that includes entities at the subnational level needs to be documented as much as the involvement of various state and non-state actors. This happens in the Youth Guarantee Implementation Plans, which all member states must prepare and submit by deadlines set by the European Council. The national plans also identify the measures envisaged to implement the Youth Guarantee, outline the timeframe for reforms and measures as well as how the measures will be financed. The European Commission analyses the national implementation plans, and the countries get feedback not only from the Commission, but also from the other member states (Author et al., 2017).

The Council Recommendation of 22 April 2013 identifies six dimensions to which the national implementation schemes should adhere: the development of partnership-based approaches; early intervention and activation; supporting measures for labour market integration; the use of EU funds; the assessment and continuous improvement of the scheme; swift implementation (Council of the European Union, 2013).

The section on the supporting measures for young people's labour market integration differentiates between measures aiming at enhancing skills and labour-market related measures. The first set of measures seeks to boost skills as well as to offer early school-leavers and low-skilled young people pathways to re-enter education and training. A case in point are 'second chance' programmes, which centre on pre-vocational Production Schools to give the young unemployed the possibility to 'try out to find out' (Walther, 2006, p. 131). The second type of measures encourages the use of a variety of instruments to lower non-wage labour costs, provide wage and recruitment subsidies, promote mobility, encourage self-employment, and seek the reactivation of young people who dropped out from activation schemes. The existence of this set of supporting measures induces Lahusen et al. (2013) to conclude that the policy approach of the Youth Guarantee resembles an activation policy agenda typical of ALPMs (see also Cinalli & Giugni, 2013).

Analysing the Council's Youth Guarantee recommendations with Bonoli's (2010) conceptual work on ALPMs, we can test whether the assessment by Lahusen et al. (2013) lives up to the empirical practice. However, Bonoli's framework also provides an ideal base for carrying out a systematic analysis of the youth-focused ALMP measures the member states adopted before and after the adoption of the Youth Guarantee. Bonoli stresses that ALMP basically rest on two separate logics. One dimension is rooted in the market logic and is oriented towards employment, whereas the other dimension is about investing in human capital. Pro-market employment orientation refers to policy measures seeking to place individuals in non-subsidised jobs in the private or public sector. Investment in human capital refers to the extent to which policies correspond to a low-investment workfare orientation or a high-investment orientation toward reintegrating the unemployed into the labour market.

Drawing on these two dimensions, similar to Bonoli (2010), we can differentiate between the following four types of youth-focused ALMPs: *incentive reinforcement*, which refers to strengthening positive and negative work incentives for people on benefits. The second type is *employment assistance* and includes placement services, job coaching, as well as job subsidies. *Occupation*, the third form, consists of measures such as job creation schemes to keep jobless people active and to prevent the depletion of human capital. The fourth form, *human capital investment*, is about providing basic education as well as vocational educational training to jobless (young) people.

These four categories will guide our analysis in the following section. Before turning to that, it should be pointed out that the analysis is limited to policy outputs, disregarding the actual implementation and effects of policy outcomes. Policy outputs refer to the result of

decision-making by political actors, whereas policy outcomes include additional aspects such as service provision by public entities (see, e.g., Author 2017; Aurich-Beerheide, Catalano, Graziano & Zimmermann, 2015; Fuertes, Jantz, Klenk & McQuaid, 2014; Heidenreich & Aurich□Beerheide, 2014) and changes in the behaviour of the target group (see, e.g., Dahl & Lorentzen, 2005; Nybom, 2013). While recognising that policy outcomes are the concept that is closer to the policy-makers' goal of actually solving problems, we are confident that concentrating on policy outputs also produces novel insights. Most importantly, considering the theme of this special issue, Bonoli's typology allows us to capture the sectoral coverage of youth-focused ALMP measures and how the sectoral measures are coordinated. In this way, we can assess to what extent the adoption of the Youth Guarantee may have stimulated a policy approach that unifies measures addressing different sectors such as education, the economy, employment, family, and social affairs (see Aurich-Beerheide et al., 2015).

3. The Youth Guarantee as a policy learning mechanism promoting convergence towards best practice

The question whether ALMPs in European countries have converged has already been investigated in the literature. Relying on expenditure data for ALMPs, Armingeon (2007), for example, shows that ALMPs continue to differ between EU member states. Using disaggregated spending and policy data, Van Vliet (2010) shows a convergence trend of ALMPs in European countries, but with countries opting for different mixes of policy instruments.[2] Drawing on an even wider range of indicators, recent studies support the findings reported by Van Vliet for general ALMPs in Europe (Aurich-Beerheide et al., 2015; Fuertes, Jantz, Klenk & McQuaid, 2014) as well as youth-focused ALMPs (Cinalli & Giugni, 2013; Lahusen et al., 2013).

Taking into consideration this overarching finding of convergence in the literature, we expect to observe a convergence of youth-focused ALMPs. By convergence, most scholars understand sigma convergence, which is defined as a decline of variation over time and is usually measured by the standard deviation (Kemmerling, 2010, p. 1060). As stated in the introduction, our conceptualization of the Youth Guarantee is that it primarily seeks to induce laggard countries to adopt policy measures in order to reduce the overall level of youth unemployment in the EU. Consequently, the form of policy convergence we are interested in

[2] Recently, an insightful body of research emerged that concentrates specifically on empirical characteristics of policy mixes and connects these to analytical categories (see, e.g., Howlett & del Rio, 2015).

is beta convergence, where laggards catch up with the policy activities of the leaders (Kemmerling, 2010, p. 1060).[3]

Referring back to the content of the Youth Guarantee, we posit that the catching-up refers to two dimensions. The first dimension is the number of youth-focused ALMP instruments; we expect the European Commission to aim for a growing number of relevant policy activity over time. The second dimension, which aligns with the theme of this special issue, is the number of sectors covered by the ALMP policy instrument mixes. As discussed above, Bonoli (2010) compellingly argues that there are different types of ALMPs, which have different functions and relate to different policy sectors, which means that a certain degree of coordination is needed (see Introduction to this special issue). Considering the approach recommended by the Council, we presume that the European Commission expects the policy instruments adopted in response to the Youth Guarantee to cover as many sectors as possible.

In line with the logic of catching-up convergence, we expect laggard countries to adopt more youth-focused ALMPs (*Hypothesis 1a*) and in a broader range of policy sectors (*Hypothesis 1b*). In terms of the mechanism underlying this hypothesis, we argue that existence of OMC within Youth Guarantee stimulates mutual policy learning and experimentation especially among laggard countries and therefore assists the catching-up processes. This expectation is informed by the existence of the Mutual Learning Programme under the European Employment Strategy, which also applied to the Youth Guarantee.

Since 2013, the Youth Guarantee is equipped with funding through the Youth Employment Initiative. This financial instrument is available to member states with regions where the NEETs rate is above 25 %. We posit that this financial assistance should facilitate the adoption of ALMP instruments (*Hypothesis 2a*) and the breadth of sectors covered by these (*Hypothesis 2b*). This reasoning resonates with the main difference between the previous mode of employment governance and the specific feature of the Youth Guarantee (see Chabanet, 2014). We test whether the European Commission can exert a greater influence on the policy activities of countries due to the financial leverage it has in this particular case (Batory & Lindstrom, 2011).

Expanding the usage of ALMPs entails initiation or adjustment costs (see Graziano, 2011), which suggests that countries that previously relied extensively on ALMPs will find it easier to expand these to young people. Therefore, we postulate that countries with higher

[3] In addition to sigma and beta convergence, researchers have looked at delta and gamma convergence, which are presented in detail by Heichel, Paper and Sommerer (2005). For a specific discussion of convergence in the context of European integration, see Holzinger and Sommerer (2011).

spending levels on ALMPs are likely to adopt a greater number of youth-focused ALMPs (*Hypothesis 3a*), which address more sectors (*Hypothesis 3b*). This hypothesis is motivated by historical institutionalism and the importance of 'lock-ins' for explaining patterns of policy-making (Pierson, 1993).

Governments may be induced to expand youth-focused ALMPs in response to high levels of problem pressure (Armingeon, 2007). In countries where youth unemployment is at high levels, policy-makers would risk their re-election prospects when not addressing this problem by means of policy activities. We therefore expect that higher levels of youth unemployment, and specifically higher numbers of NEETs, which are the main target of the Youth Guarantee, are likely to be associated with higher numbers of adopted instruments (*Hypothesis 4a*) and more sectors being covered by youth-oriented ALMPs (*Hypothesis 4b*).

4. Clarifications on data and methods

Empirical research analysing the convergence of ALMPs usually relies on data for public spending (see, e.g., Armingeon, 2007). Spending data has the advantage that it is easily accessible through the websites of various organizations, and it is fine-grained enough to capture variation over time. The latter point makes the data particularly convenient for studying policy convergence, regardless of the specific type of convergence one is interested. However, spending data also has some major disadvantages. The two most important of these are that spending can change independently of political decisions, e.g. as a result of rising unemployment, and that spending itself covers only one of several policy instruments available to governments, disregarding regulatory or suasive instruments (see, e.g., Starke 2006). Consequently, in this study we operationalise our dependent variables in a different way.

The dependent variables of this study are the annual changes in the numbers of instruments adopted in relation to the youth-focused ALMP measures and in the numbers of sectors the measures cover. Our analysis covers the period 2007-2014 and looks at all EU member states. The former dependent variable counts the new ALMP instruments adopted every year; the latter measures whether a country adopts one or more new instruments in sectors that were not covered before. Our measurement rests on the assumption that the instruments, once adopted, are not dismantled during the observation time. This assumption requires some further clarifications. While youth-focused ALMP instruments typically run for a fixed period of time, we did not observe cases where the aim of an adopted instrument was

to abolish or terminate another instrument. The fact that the two dependent variables of this analysis are metric allows us to use linear regression models for pooled data.

The data are extracted from the LABREF database, which is a publicly available inventory of labour market reforms in the EU maintained by the European Commission. We assigned the policy data extracted from the database to the four categories as put forth by Bonoli (2010), complemented by a fifth category for 'any other' type of measure. The observation period follows practical considerations: LABREF indicates youth-focused ALMPs, but only since the mid-2000s. Assigning the policies to the relevant categories could have introduced a bias into the data. Therefore, for the sake of data quality, we decided to stick with the categorization done by LABREF. We chose 2007 as the beginning of our period of observation since it marks the year before the economic and financial crisis reached Europe. The ending date, 2014, equally resulted from practical limitations since this is the last year for which information is available in the database.

Figure 1 gives an overview of the number of youth-focused ALMP instruments and the breadth of their sectoral coverage averaged for the 28 member states.[4] We can infer from the figure that on average the volume and sectoral coverage of relevant policy activity increased over time. To illustrate the types of youth-focused ALMP measures adopted, we look into four examples. In 2010, the Finnish government introduced the Sanssi Card, which promotes wage subsidies and makes it easier for employers to hire young people. This measure is coded as employment assistance according to Bonoli's typology. Staying in Finland, in 2012, the Young Adults Skills Development Programme was introduced, which gives young adults with basic education the opportunity to participate in vocational education training, corresponding to an investment in human capital. The category referring to occupation can be found in Latvia, where the State Employment Agency provides internships for students without work experience. In 2013, the Greek government adopted a specific programme to provide incentives to young jobseekers to engage in agricultural work and to start their own farms and business in this sector, which corresponds to incentive reinforcement.

Figure 1 to feature here

[4] Despite entering the EU in 2013 only Despite its late entry into the EU in 2013 or Despite only entering the EU in 2013, we could obtain data for Croatia dating back to 2007 in LABREF, and therefore we decided to include the country from 2007 onwards. This decision is supported by the literature on pre-accession conditionality (see, e.g., Sasse, 2008) and the fact that EU accession candidates have to comply with EU policies many years before officially entering the Union. Furthermore, Croatia is one of the countries with high youth unemployment rates.

To obtain a more defined picture, we look into the variation among the EU member states indicated by the year-by-year boxplots for the two dependent variables. We see that while the median number of youth-focused ALMP instruments adopted over time increased, so did the variation among the EU member states with regard to the number of policy instruments. When looking at the number of sectors covered by the policy instruments adopted, by contrast, we see that the variation has decreased in 2014.

Figure 2 to feature here

Turning to the explanatory variables, $Tools_{t-1}$ and $Sectors_{t-1}$ assess the number of policy instruments in place and their sectoral coverage in the previous year. These are the convergence variables. Significant negative coefficients for these variables would suggest that countries with lower numbers of relevant instruments and lower numbers of sectors covered adopted higher numbers of new instruments and covered more new sectors than other countries. Such a result would indicate catching-up convergence.

The second explanatory variable of interest is *YEI*, which indicates which member states received funding from the Youth Employment Initiative in 2013 and 2014. The data for this variable is taken from Author (2017). The spending on ALMPs is the third explanatory variable. It stems from Eurostat (data code: tps0007). The variable *ALMP p.c.* takes into account the population size of the individual member states. Since the correction by the population size produced very small numbers, we multiplied this variable by 1 million. The fourth variable gauges the share of NEETs in the member states. It is also taken from Eurostat (data code: edat_lfse_20).

We additionally control for the welfare state regimes of the member states. We differentiate between Nordic, Anglo-Saxon, Bismarckian, Southern, Post-Communist, and Former-USSR welfare regimes (see Campos-Matos & Kawachi, 2015). Cinalli and Giugni (2013) report findings suggesting that welfare regimes do not play a role in the transformation of youth unemployment regimes in Europe. With our analysis, we strive to examine whether this finding is robust when increasing the number of countries observed and expending the observation period. Table 1 gives an overview of the descriptive statistics of the explanatory variables.

Table 1 to feature here

Since we include welfare state categories that comprise post-Communist countries and countries that used to be part of the Union of Soviet Socialist Republics (USSR), we abstain from including a variable that differentiates between the 'old' and the 'new' EU member states, that is, those that joined before and after 2004. The literature has shown that there are differences between these two groups concerning their willingness and/or capacity to comply with EU law (see, e.g., Author et al. 2008). Given our specific theoretical interest, the welfare state categories suffice to capture variation between old and new member states, if there is any.

5. Presentation and discussion of the empirical analysis

Tables 2 and 3 summarise the results of the two convergence models for ALMP tools and sectors respectively. These results present a mixed picture. While we attest convergence in ALMP sectors as indicated by the negative and statistically significant coefficients of the sector-specific convergence variable in all the models (6—11), we notice instead divergence in the adoption of new instruments as indicated by the constantly positive and statistically significant convergence coefficients in Models 1—5. In other words, we observe that the Youth Guarantee – similar to the OMC process more generally – unleashed learning processes and induced laggard countries to adopt new tools in new sectors rather than in sectors for which they already had relevant measures in place. However, when looking at the annual increase in the number of instruments adopted, countries that have larger toolboxes tend to adopt even more policy measures. This finding is not only intriguing for scholarship on social policy, but also for the emerging literature on policy mixes (see, e.g., Howlett, Mukherjee & Woo, 2015). It is interesting to note that both convergence coefficients have a similar magnitude of approximately 0.1, but of course with different causal directions. Overall, these empirical findings allow us to confirm hypothesis 1b but not 1a. There is even evidence for discerning a divergence rather than convergence trend in relation to the numbers of adopted instruments.

Table 2 to feature here

Turning to the other explanatory variables in convergence models for the policy instruments, the results show that the NEETs annual rate, the funding associated with the Youth Employment Initiative and the extent of intervention in the general ALMPs have a

negligible effect, as indicated by the coefficients that are close to 0 and lack statistical significance. The only statistically significant coefficients are associated with the control variables on welfare regimes. Controlling these regimes altogether (with Bismarckian welfare states as the reference group since they form the middle category of the welfare states), there is a statistically significant effect of the Nordic regime. This finding aligns with the other empirical observations and findings in the literature on policy responses to youth unemployment. To be sure, the Nordic countries were the first to experiment with the Youth Guarantee and in this context, countries such as Sweden introduced activation measures (see Mascherini, 2012). Although statistically insignificant, the coefficients associated with the Southern and the Post-Communist welfare states are negative, whilst the coefficient of the variable representing the Anglo-Saxon welfare regime is close to 0. Remarkably, the coefficient for the former USSR countries is positive (but insignificant), suggesting that their ALMP policy orientation differs from that of the Post-Communist countries.

Overall, through this model we observe an increased divergence in the adoption of youth-oriented ALMP tools. Our explanatory variables are not associated with the annual change in instruments, refuting hypotheses 2a, 3a and 4a. It is only when we control for welfare regime types that we can observe some statistically significant results. Post-Communist countries tend to experiment marginally, adopting fewer policy tools. On the contrary, the Nordic countries tend to constantly adopt new policy tools. This result calls for further qualitative studies for capturing the reasons for EU countries within the Youth Guarantee tend to be either innovative or parsimonious in the adoption of policy instruments.

Did the funding of the Youth Employment Initiative make any difference? We do not find any statistically significance of coefficients associated with this variable. However, we observe that in the model of Post-Communist countries the coefficient of this variable is not close to 0, signalling an insignificant but positive relationship with the annual increase of instruments.

Turning to the variables for explaining the convergence in ALMP sectors, with the exception of Model 9, the findings show that the main explanatory variables are insignificant, refuting hypotheses 2b, 3b and 4b. Once again, it is only when controlling for welfare regime types that we can observe statistically significant and negative coefficients associated with Post-Communist and former USSR welfare regimes. Controlling each of these groups of countries by adding the single dummy variable in the convergence model, only Post-Communist countries depict a statistically significant negative effect on the annual change in new ALMP sectors. This result confirms again that this group of countries trails the rest of the

EU member states when it comes to youth-oriented ALMPs. Also in this model, we notice that the coefficient of the variable associated with the YEI variable turns to have a positive but insignificant relationship. From this, it follows that the financial support seems to function as an incentive, but it may simply be too early to call whether this results in a statistically significant effect or not.

In sum, the convergence model perform better for the second dependent variable than for the first one indicated by a more robust finding for the importance of the previous policy activity as well as the model fit captured by the Akaike Information Criterion (AIC). The lower the AIC values, the better is the model fit, which suggests that Model 10 with a value of 366.443 performs best. We have to bear in mind that a major constraint for this analysis is the comparatively small database and the short observation period in particular. Therefore, a way to take this research forward would be to expand the database.

6. Conclusion

The economic and financial crisis has affected the EU in a myriad ways and one of them was that young people in some member states have experienced difficulties in successfully completing the school-to-work transition. In response to this problem, EU policy-makers have identified young people as a target group of policy activities and are now monitoring the progress the individual countries are making towards the labour market integration of young people. The EU's flagship measure is the Youth Guarantee, which among other policy instruments encourages the adoption of ALMPs that target young jobseekers.

In order to assess the capacity of the EU's policies to induce reforms where they are needed most in order to combat the problem of youth unemployment, this article has tested whether there is a process of catching-up convergence in member states' youth-oriented ALMPs. Specifically, in our analysis, we focused on two types of policy outputs (the annual increase in the adoption of new instruments and the annual increase of new sectors of ALMPs activated by at least one instruments) for assessing whether laggard countries are converging towards the most advanced countries. The findings of our convergence models show that laggard countries are indeed catching up, but only with regard to the number of sectors covered by youth-oriented ALMP measures. This policy-making pattern is, however, not associated to the funding instrument provided by the Youth Employment Initiative. In contrast to these results, we observe a process of divergence when focusing on the number of youth-focused ALMP instruments per year. Leader countries, which can build on a high number of adopted instruments to begin with, continue to produce ever more instruments whereas

laggard countries remain at their low levels of output, causing the gap between leaders and laggards to increase rather than decrease.

The combination of both convergence models show us that the Youth Guarantee has indeed induced lagging behind countries to expand the coverage of their youth-oriented ALMPs to new sectors. At the same time, the Youth Guarantee has as yet failed to encourage laggard countries to increase the volume of their policy output, instead even increasing the gap to leader countries, which adopted even more instruments than before. Our results also show that using the funding schemes provided by the EU to support the implementation of the Youth Guarantee has not had a significant impact on member states' youth-oriented ALMPs.

What are the implication of these findings for assessing the problem-solving capacity of the specific combination of relatively clearly specified policy recommendations and financial incentives employed by the Youth Guarantee? There is an optimistic and a pessimistic interpretation. The optimistic scenario would stress the finding that countries have indeed displayed catching up convergence when it comes to the sectoral coverage of youth-oriented ALMPs. This is not a trivial achievement, since a broader sectoral coverage will allow significantly more young people to benefit from active labour market policies in those countries that have so far lagged behind. The process of sectoral expansion could, in the medium to long term, be flowed up by a process where laggard countries also increase the volume of their policy output as they expand their policies into new sectors. The divergent pattern with regard to the volume of policy outputs would thus be interpreted as the upshot of the wide differences of policy portfolios between leader and laggard countries, which could only overcome in a longer-term perspective. The optimistic interpretation would also highlight that the lack of impact of the accompanying funding schemes may be due to the relatively short time frame, expecting these incentives to take effect as domestic policy makers learn how to employ them fruitfully.

The pessimistic scenario, in contrast, would consider the divergent patterns in the volumes of policy output as a sign that the scope expansion in the laggard countries may be no more than a flash in the pan, which has not been accompanied by sustained reform activities. Instead, pessimistic observers would point out that the soft modes of governance employed by the Youth Guarantee primarily give rise to a Matthew Effect, where those countries that have already been at the top are encouraged to bring their policies to perfection whereas those that were at the bottom remain at a low level of activity. In this view, the lacking effects of the financial incentives would be interpreted as signifying that the volume of the incentives may not be high enough to help laggard states to overcome the severe

economic obstacles to implementing ALMPs for young people. The conditions for using the incentive programmes may also be too unattractive for member states to take them up on a larger scale.

Which of these two opposing interpretations is more plausible cannot be decided on the basis of our findings. As both interpretations depend on the medium to long term perspective, future research will have to tell which of the tendencies will ultimately prevail.

Our results also allow some conclusions on the domestic factors that impact on member states' reform efforts. Contrary to Cinalli and Giugni (2013), we have found that welfare regimes matter. The Nordic countries are the most active within the EU in that they adopt a significantly higher number of instruments per year than other countries. In contrast, Post-Communist countries tend to lag behind in the adoption of new instruments as well as in the coverage of new sectors. This result calls for additional research focusing in more detail on the domestic driving forces of member states' reform efforts with a view to youth-oriented ALMPs. This research should, in particular, elucidate whether the differences we have observed between the highly productive Nordic countries on the one hand and the rather poor performance of the Post-Communist countries may be put down to institutional differences embedded in the welfare regimes or may, perhaps, be explained by other (political, institutional or cultural) factors that differentiates these groups of countries.

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Figure 1: Overview of ALMP activity, 2007-2014

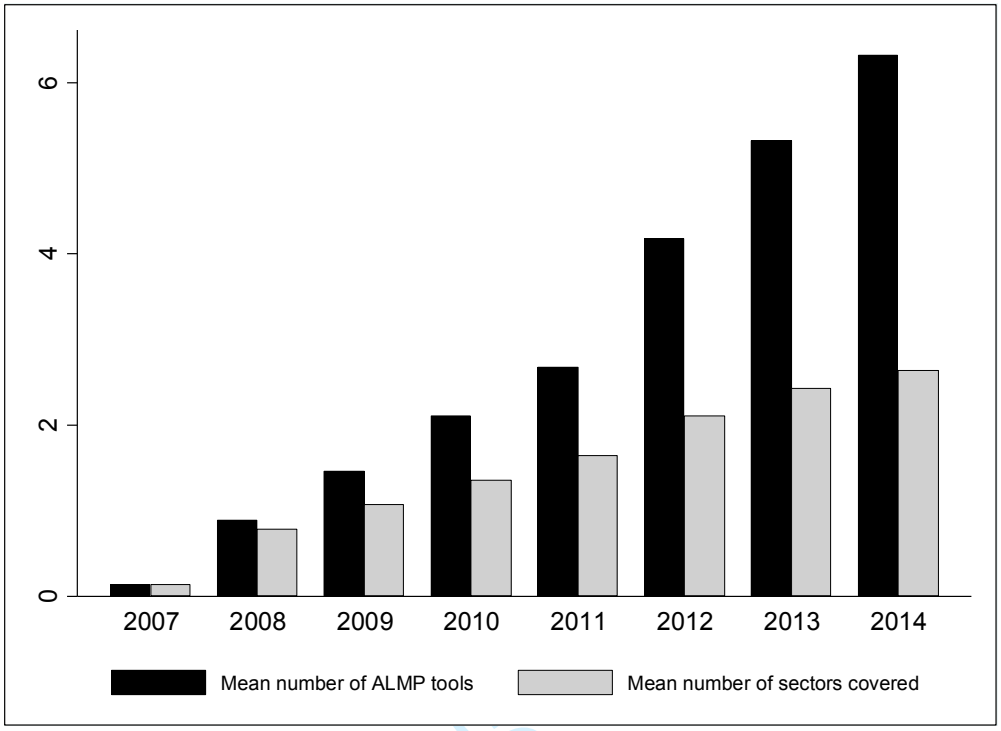

Figure 2: Variation in policy activity across the EU, 2007-2014

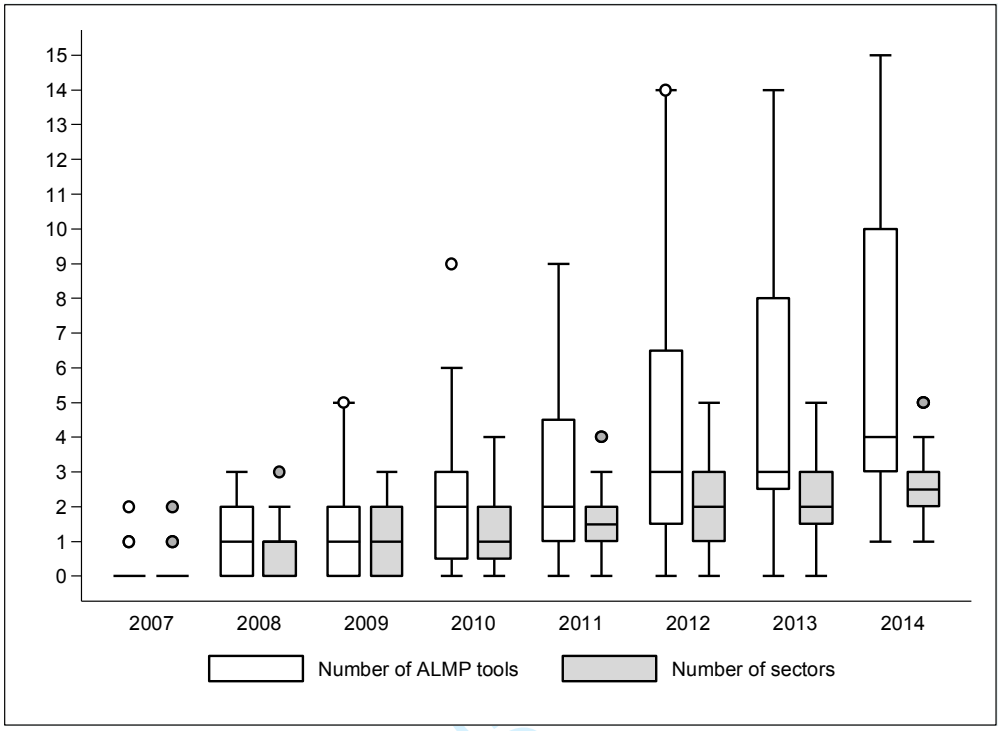

Table 1: Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
Tools $_{t-1}$	196	2.397959	2.96558	0	14
Sectors $_{t-1}$	196	1.362245	1.267504	0	5
YEI	196	.2040816	.404061	0	1
ALMP p.c.	192	12.95524	14.52505	.170449	67.22662
NEETs rate	196	11.99388	4.498235	3.4	22.2
Nordic	196	.1071429	.3100868	0	1
Anglo-Saxon	196	.0714286	.2581989	0	1
Bismarckian	196	.2142857	.4113767	0	1
Southern	196	.2142857	.4113767	0	1
Post-Communist	196	.2857143	.4529108	0	1
Former USSR	196	.1071429	.3100868	0	1

Table 2: Convergence analysis of youth-focused ALMP tools: Δ Tools as dependent variable

	M1	M2	M3	M4	M5
Tools $_{t-1}$	0.115 (0.039)***	0.113 (0.043)***	0.106 (0.047)**	0.063 (0.048)	0.096 (0.047)**
NEETs rate	0.034 (0.021)	0.033 (0.022)	0.039 (0.025)	0.042 (0.030)	0.040 (0.024)
YEI		0.031 (0.324)	0.030 (0.327)	0.261 (0.359)	0.069 (0.330)
LMP pc			0.003 (0.007)	-0.014 (0.011)	-0.007 (0.008)
Nordic				0.845 (0.354)**	0.709 (0.339)**
Anglo-Saxon				-0.020 (0.507)	
Bismarckian				reference	
Southern				-0.178 (0.421)	
Post-Communist				-0.596 (0.398)	
Former USSR				0.296 (0.513)	
Intercept	0.202 (0.264)	0.210 (0.275)	0.132 (0.323)	0.444 (0.366)	0.191 (0.321)
N	196	196	192	192	192
Cases	28	28	28	28	28
AIC	653.077	655.063	646.470	645.425	647.783

Notes: The robust standard errors for the coefficients are in parentheses. * p< 0.10, ** p < 0.05, *** p < 0.01.

Table 3: Convergence analysis of youth-focused ALMP sectors: Δ Sector as dependent variable

	M6	M7	M8	M9	M10	M11
Sector $_{t-1}$	-0.109 (0.032)***	-0.114 (0.039)***	-0.120 (0.040)***	-0.171 (0.045)***	-0.155 (0.043)***	-0.119 (0.040)***
NEETs rate	0.007 (0.009)	0.006 (0.010)	0.006 (0.011)	0.004 (0.014)	0.003 (0.011)	0.005 (0.011)
YEI		0.034 (0.116)	0.024 (0.118)	0.142 (0.124)	0.114 (0.121)	0.021 (0.118)
LMP pc			-0.001 (0.003)	-0.013 (0.006)**	-0.005 (0.003)	-0.002 (0.003)
Nordic				0.171 (0.205)		
Anglo-Saxon				-0.027 (0.231)		
Bismarckian				reference		
Southern				-0.154 (0.218)		
Post-Communist				-0.524 (0.211)**	-0.310 (0.115)***	
Former USSR				-0.401 (0.222)*		-0.078 (0.138)
Intercept	0.422 (0.142)***	0.433 (0.152)***	0.469 (0.172)***	1.064 (0.364)***	0.666 (0.194)***	0.490 (0.181)***
N	196	196	192	192	192	192
Cases	28	28	28	28	28	28
AIC	374.057	375.989	371.439	370.060	366.443	373.164

Notes: The robust standard errors for the coefficients are in parentheses. * p< 0.10, ** p < 0.05, *** p < 0.01.