



Knowledge Claims on Municipalities in the Swedish Labor Market Policy¹

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ABSTRACT

Activation is crucial for beating unemployment for those with high thresholds for entering the labor market. The municipalities in Sweden have become an important factor in the activation. However, no formal argument or decisions were ever made to support the inclusion of municipalities in labor market policy. A government report was, however, compiled and sent to different stakeholders for comments. The present study is based on an analysis of the comments, here termed knowledge claims. The analysis shows that there is a low level of interest from different stakeholders except for the municipalities who are burdened with the cost of social assistance when the unemployed do not find work. The municipalities legitimize and reproduce a dual system for labor market policy. The Public Employment Service (PES) prioritizes unemployed persons who have unemployment insurance and a low threshold for entering the labor market, and the others are left to the municipalities to deal with.

KEYWORDS

Activation / active labor market policy / dual labor market policy / local activation / work first approach & unemployment

Introduction

Labor market policy, and more specifically activation, is portrayed as crucial to counteract unemployment for those with high thresholds for entering the labor market (Herbst & Benjamin 2016; McKenzie 2017). Sweden and the other Nordic countries have a long history of active labor market policy (see Hort 2014; Lindvert 2006), and Sweden was very successful with its active labor market policy from the post-war period until the early 1990s. The policy is described as a Crown jewel in the Swedish welfare state (see Lindvert 2006). The emphasis in this history is solely on the ‘state’, but this was to change.

Sweden was hit by an economic crisis in the early 1990s (Jansson 2000; Palme 2000). The other Nordic countries were affected, but especially Finland and Sweden were hit hard. The unemployment levels have been much higher since then in Sweden than during the post-war period (see Statistics Sweden 2022). As a result, the Public Employment Service (PES) could not cope with the volume of unemployed workers who required active measures (Brauer 2022; Salonen 2000). The PES started to retreat within the labor market policy, prioritizing those unemployed who were close to the labor market.

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The municipalities, who then had a very limited role in the labor market policy, saw the costs for social assistance rising (Johansson 2006; Ulmestig 2007). The unemployed social assistance recipients, of whom approximately half had high thresholds for entering the labor market, were not prioritized by the PES at that time (Salonen 2000; Thorén 2008). Sweden developed a labor market system that can be described as having a dual nature (Forsslund et al. 2019; Johansson 2006). There are differences, but this dual structure could be found in all Nordic countries regarding support coming from the two separate systems, social insurance, and social assistance (see Hvinden & Johansson 2007; Minas et al. 2018). In Sweden, this was also very pronounced in labor market policy. One system was run by the state for established workers with unemployment insurance and service from the PES, which included approximately 80% of the unemployed, and the other system was for the unemployed with high thresholds for entering the labor market who have social assistance and receive their labor market policy measures from the municipalities (Forsslund et al. 2019). This arrangement was supported by economic incentives in the municipalities to lower the costs for social assistance with activation getting people financially self-supported (or moving to another municipality), compensation per person for activating the unemployed individual through the PES, and the supply of cheap labor to the municipality (see Ulmestig 2007; Brauer 2022). The national labor market policy to include all unemployed citizens was never restored after the economic crisis faded. What had started as an urgent emergency solution became the norm for how to organize labor market policy.

In 2019, the unemployed sector in the municipal labor market policy consists of close to 20% of the unemployed Swedes (Forsslund et al. 2019). The municipalities activate approximately 88,000 unemployed persons, which costs the municipalities around 5.2 billion SEK (or 520 million Euro) and employs about 5400 as staff in the municipalities in 2021 (SALAR 2022a).

All this takes place in the very core of the Swedish welfare state with minor changes in the law, no political debate, and no attention in the media (Thorén 2008; Ulmestig 2007). There has been no direct and overall economic compensation for the municipalities for taking over the responsibilities for labor market policy for social assistance recipients from the state. The municipalities can instead receive economic compensation per person for activating the unemployed through the PES. The municipalities are again today accusing the PES of retreating, this time by closing rural offices and prioritizing digital solutions for unemployed jobseekers (SALAR 2022b). However, it can be put to question if municipalities have the power to make the government and the PES give them a part of their resources as they did after the economic outcry of the 1990s.

Despite the criticism from the municipalities, there appears to be some consensus since the late 1990s that municipalities have a responsibility for labor market policy, and most municipalities have their own employment service units, but still without legislative or other forms of national policy changes or public debates in the parliament (Ulmestig & Panican 2021; Viklund & Westerberg 2017). It is a mystery (see Alvesson & Kärreman 2012) why stakeholders within the labor market still think that it is a good idea to have a dual labor market policy where the municipalities activate the unemployed persons who have the highest thresholds, while there is a significant lack of labor. 'It is the unanticipated and the unexpected – things that puzzle the researcher – that are of particular interest in the encounter' (Alvesson & Kärreman 2007, p. 1266).

Something occurs in 2020 with the arrival of an official report on the role of the municipalities within the labor market policy (SOU 2020:41). This is the first time that different stakeholders in public have developed their arguments about what is legitimate; the document reveals what is taken for granted and describes the power relations in the field of labor market policy. These knowledge claims, understood here as competing institutionalized logics (see Friedland & Alford 1985, 1991) and written in the comments from different stakeholders, are analyzed in the present paper to make the power relations within labor market policy visible. Power is always present in theory when different stakeholders compete over resources within labor market policy as an institutionalized field. The question is who will be considered legitimate and who will get the money that the state spends on labor market policy.

The aim of the article is to analyze knowledge claims concerning the role of municipalities within labor market policy in order to understand power relations and their meanings within this particular policy provided for unemployed persons with high thresholds for entering the labor market.

What competing powers and interests among the stakeholders in the field of labor market policy are presented in the comments from the referral bodies? And what meanings do they have for those unemployed individuals with the highest threshold to enter the labor market?

The field of labor market policy and the dual system

Sweden took its first unsteady steps toward a labor market policy in the 1800s, and the municipalities organized the first employment services in 1902 and during this period also supervised different work initiatives as a counterclaim for poor relief (Dellander et al. 1991). The PES has had, and to some degree still has, a close coupling to the universal welfare systems, to unemployment insurance, and until 1993 to both the unions and the employers' association on its board (Lindvert 2006; Ulmestig 2007). For those unemployed workers considered to be close enough to the labor market to be considered 'job-ready', the PES is still the dominating actor within labor market policy. However, knowledge claims against the municipalities acting in labor market policy were made in public inquiries as early as the 1930s (SOU 1931:20; 1935:6; 1939:13). The main critique was that the municipalities did not take a national perspective, but prioritized their own interests and those interests did not coincide with those of the unions, the employers, or the state. The municipalities are also protected by municipal autonomy in the constitution, which entails them maintaining a distance to state policy within labor market policy and other policy areas.

The labor market policy in Sweden can be described as a dual system, as described above (Forslund et al. 2019; Johansson 2006). The duality is, as in other Nordic countries, rooted in the distinction between universal social insurance systems for established citizens and means-tested systems for those not yet established (Hvinden & Johansson 2001; Minas et al. 2018). The architects of the Nordic welfare states created a duality by making only 'workers' eligible for the state-run social insurance system and allowing non-workers to continue to be referred to the municipal poor laws (Lödemel 1991; Salonen 1994).

Municipal labor market policy can, however, on an empirical level, also be described as a muddle where unemployed persons can have a low income from unemployment



insurance and at the same time be eligible for social assistance from the municipality (Ulmestig & Panican 2021; Viklund & Westerberg 2017). Unemployed individuals can be activated through a municipal employment service unit, but contracted and financed by the PES (Panican & Johansson 2016; Thorén 2008). Many different forms of local inter-agency cooperation and agreements between the PES and the municipalities also blur the distinction between state and municipalities within labor market policy (Mellberg et al. 2022; Ulmestig & Panican 2021). Furthermore, there are large variations between municipalities (Forslund et al. 2019; Viklund & Westerberg 2017). There are still a few small municipalities that are not engaged in labor market policies, while most others organize them in a number of ways, based on different knowledge claims and very different local conditions. The variations are also affected by the lack of research about what works in activation with persons with high thresholds for entering the labor market (see Forslund et al. 2019; SBU 2022). For analytical reasons, however, the dual system concept helps to understand power relations and their meanings within active labor market policy.

The Swedish government, through the Ministry of Employment, appointed a public investigation entitled ‘Municipalities’ participation in state labor market policy’ in November 2019 (Dir. 2019:86). The appointment was a consequence of a political bargain where the green liberal party (Centerpartiet) demanded a new system for the labor market policy to support the social democratic-led government. The new system is built on a free market where private firms provide labor market programs. The system includes a financial incentive for the firms to get people into employment.

An official report is a public investigation (*SOU*), which is a way for the government to obtain information and proposals on political suggestions. The investigator or committee collects and analyzes different options, and makes proposals and includes justifications for them, before the government writes the legislative proposal. Then, before submission to the parliament (*Riksdag*), the government sends the proposition out for comments (referral) to the relevant referral bodies like authorities, organizations, and the public for an opportunity to submit their views. The objective is to analyze the legitimacy for the suggested policy change.

The official report entitled ‘Municipalities as providers of services to the Swedish Public Employment Service – an analysis of the legal conditions, *SOU 2020:41*’ was presented in June 2020. The report has mainly a narrow legal perspective, but did acknowledge, provide a research-based description, and problematize the role of the municipalities in the labor market policy. This is the first detailed and comprehensive text from the state about how to understand the role of the municipalities in labor market policy since the start of municipal engagement in the policy field in the early 1990s.

The report proposed some adjustments to the law, entailing a clarification that the municipalities had a voluntary right to act within the labor market policy. Moreover, a system whereby the municipalities would be able to compete in a market and offer labor market programs to the PES was proposed through changes in the Public Procurement Act (LOU) to give the municipalities the possibility to compete. In addition, there was also a concern about ‘white patches on the map’, in that the authors of the report did not have confidence in the private companies’ ability to be available geographically in small rural locations and meet the needs according to labor market policies.

A ministry missive took these comments into consideration and suggested changes in some areas of the labor market policy, but not in relation to the municipalities and their possibilities to compete in a market as suppliers of labor market policy (Departementskrift 2021:27). The authors of the ministry missive concluded instead, 'the reform does not involve any changes in the division of responsibilities between the state and the municipality (in the labor market policy – author's note)' (Departementskrift 2021:27, p. 122). In late 2023, the Swedish Association of Local Authorities and Regions (SALAR) sends out a press release stating it is very unfortunate that the PES has decided that it can no longer give resources to the municipalities for providing labor market policy. Nonetheless, the comments from the referral bodies still provide the opportunity to achieve the aim of this study.

Competing institutional logics

... power is held by those who benefit over time from the operation of social, economic, and political structures. (Friedland & Alford 1975, p. 431)

The theory on competing institutional logics (hereafter termed logics) and institutional field will be used to achieve the aim of the study. However, these concepts do not exist in an 'objective' sense, but should be understood as analytical constructs used in research to observe competing power relations.

The theory is founded on a neo-institutional perspective where organizations are much more than their formal structure (Powell & Di Maggio 1991; Rowan & Meyer 1977). The aim of the organization is to gain resources such as legitimacy, money, and/or power. One way of obtaining these goals is to claim, for example, as a referral body commenting on an official report that its knowledge is legitimate and its perspective important.

Policy must deal with a world full of events and contexts that it does not control (Friedland & Alford 1985, 1991). The choice of knowledge in a logic generates opportunities to provide the 'right' kind of knowledge, for example, to define political solutions. These logics thus provide a way of governing society and managing a world that cannot be controlled. 'Institutional logics posit a social world of purposes and the power they found before it is a world of power and the purposes that legitimate them' (Friedland 2013, p. 39). At the same time, the organization is caught up in an institutionalized field, and the logics affect power relations and the organization's opportunities to act (Thornton et al. 2012). Different logics compete in the field about what is considered legitimate, but the field is also affected by the society it is a part of. The political bargain to make the labor market policy a market can here be exemplified by the influence of the broader society.

Logics, as knowledge claims, qualify and constrain the behavioral repertoire in an institutionalized field (Battilana et al. 2009; Friedland & Alford 1991; Thornton et al. 2012). By constructing organizing practices, conscious or unconscious 'selection' out of context, different 'truths' can not only be constructed as substantiated scientifically, politically, and/or based on values, but also materially, in the sense that they affect how resources are distributed in the field and how legitimate different claims for the resources are.

Logics can also be understood as invisible assumptions and conditions for individuals and organizations (Friedland & Alford 1991). Different knowledge claims, here



understood as logics, can however be dominant or subordinated, in the institutionalized field, toward each other, but also contractively (Scott et al. 2000; Suddaby & Greenwood 2005). ‘Actors may struggle with belief systems and practices inherent in a dominant logic and seek to change their social reality by introducing a new logic that they advocate’ (Busch 2019, p. 20). Different power relations can make a logic dominant, for example, the Work-First approach (Arbetslinjen), or subordinated, thereby getting a position accepted as legitimate in the institutionalized field. A dominating logic can win conflicts and secure resources for stakeholders.

One important resource in the field of labor market policy is, parallel to financial resources administrated by the PES, legitimacy. An important aspect for legitimacy is the idea of rationality (Suddaby & Greenwood 2005), which in this field is the ability to get people into employment and to be able to act on the market within the field. This can, for example, be supported by stating the failures and shortcomings of the PES and/or one’s own good experiences from successes in the field. If claims or actors lack support in society, it is difficult for them to be considered legitimate and get the power to obtain resources as well as maintain the look of legitimacy to keep their power position in the future (see Martí & Fernández 2013; Suddaby & Greenwood 2005).

Logics can also be contradictory, reconstructed, or elaborated by powerful actors using creativity (Skelcher & Rathgeb Smith 2015; Waldorff et al. 2013). A knowledge claim often finds support in different logics in the field and can be the consequence of negotiations or just what is possible to claim when an actor lacks power to find a logic capable of dominating on its own.

To analyze power relations in the field of labor market policy, four competing institutional logics are constructed here to capture the knowledge claims and to answer questions such as which claims are made by whom.

Method—Analyzing knowledge claims on the role of municipalities within labor market policy

According to Eriksson (2004, p. 519), studies of official reports from the Swedish state are a ‘proven and passable way if the intention is to study the motives and consequences of a policy’ (The authors translation). The purpose of the state’s public investigations in Sweden is to create problem formulations and images of reality (Andersson 2003; Junestav 2004; Storbjörk 2013). I agree with Mörkenstam’s position: ‘The official reports’ formalized nature and positions as preparatory work for the legislation mean that they must be regarded as authoritative statements that are legitimate in the discourse’ (Mörkenstam 1999, p. 61).

The analysis started with quantifying the comments. A total of 99 organizational stakeholders, hereafter labeled the referral bodies, commented on the report with approximately 2–3 pages each. Some of the included comments were made by organizations that had not been requested to comment, but had themselves chosen to. Moreover, four comments were excluded; one was written by the author and a second by a close colleague in another university. Two others were of poor quality, missing argument or lacking in parts when registered. The analysis started with these 95 comments as they appear in table 1 below.

Table 1 Analyzed stakeholders

Category of stakeholders	Number
Municipalities	39
State authorities	25
Interest organizations like SALAR, unions and employers' organizations	14
Regions/County Councils	10
Courts of law	5
Universities	4
Other organizations	2
Poor quality of comment	-2
From universities affected by the author	-2
Total analyzed	95 stakeholders

Some of the comments from the referral bodies were less than a page long and could have been richer, and many of them could have been more straightforward about which claims were made about problems and solutions. However, by not making any selections in the data and by using a theoretical framework to support the analysis, the present researcher has gained an understanding from the comments of the power relations and their meanings within labor market policy for those unemployed persons with high thresholds for entering the labor market.

The first step of the analysis was to classify the different stakeholders according to whether they were for, against, or did not take a clear stand toward the municipalities' role in labor market policy. The second step was to read all comments and identify preliminary themes. A decision was made to use the theory on competing institutional logics (Friedland & Alford 1975, 1985, 1991) because of the multifaceted comments. Friedland and Alford (1985) are quite vague about how they perform their analysis of institutional logics, but refer frequently to discourse analysis, which thus became an important source of inspiration for their work as well as for this study. The theoretical choice in this study led to the focus on power and knowledge, but also on what is said rather than how (see Storbjörk 2013). As a further basis for analyzing policy, Bacchi's theory (2009) on using questions about what is presented as a problem and a solution, influenced the present analysis, and the following questions were formulated: What knowledge claims are presented in the comments from the referral bodies in terms of what are described as problems with the municipalities in the labor market policy and what are the solutions, and who makes these claims? The third step was to reread the comments using these questions. The reading was structured through a 'reading frame' that I completed for each of the studied comments using paper and pen. Four knowledge claims as logics were identified using these questions. These themes were then analyzed using earlier research and theory. This step is presented in the results and analysis section and supported by cited excerpts from the written comments. All excerpts are translated by the author and checked by a proofreader with excellent knowledge of both English and Swedish. The fourth step was to discuss what meanings these logics have for the labor market policy for those with high thresholds for entering the labor market. At this



step, the stakeholders, which to this point have been handled as individual comments, also have been categorized into different groups of stakeholders. The themes are presented in the discussion and conclusion section.

Competitive institutional logics—Which knowledge claims are made and by whom?

The logics are linked to different actors in the institutional field of labor market policy; however, logics are not deterministic, and some actors are occasionally not loyal to the logics that other similar actors present. The logics can instead be contradictory, complex, and unsynchronized (Skelcher & Rathgeb Smith 2015; Waldorff et al. 2013). The making of logics, however, enables us to make the complex and comprehensive empirical material visible and possible to analyze.

The municipal logic

The municipality poses as a strong claim maker. Municipal autonomy is protected in the constitution, and a majority of the politicians in the parliament have a background in municipal politics. The municipalities can also decide not to participate in the labor market policy, and a few of the small municipalities have done so (Forslund et al. 2019; Viklund & Westerberg 2017). Most municipalities do, however, accept that they have a role in the municipal labor market policy, especially for those persons with high thresholds for entering the labor market. The Swedish Association of Local Authorities and Regions (SALAR) defines and demarcates the municipal logic, as well as the target group that the municipalities claim to be the legitimate stakeholder for: ‘SALAR wants the conditions to be investigated for the possibility to give the accompanying economic compensation to the municipalities that want to have a coordinating and preparing assignment for all jobseekers positioned far from the labor market’ (SALAR, p. 3). The municipal claim is extensive, because the very core of the municipal labor market policy is about unemployed recipients of social assistance (Brauer 2022; Panican & Johansson 2018). However, municipalities also offer labor market policy to other unemployed people, but always with economic compensation from the PES. This municipal income is questioned in the report, and thereby the municipal role toward these unemployed persons is no longer taken for granted.

The municipality of Fagersta has accepted its role in relation to unemployed inhabitants who have high thresholds for entering the labor market as granted and especially in relation to social assistance recipients. Farsta municipality (p. 1) describes the service it can offer in relation to the labor market and claims: ‘This scope opens up for flexible and local measures that can be better adapted to the needs of the local labor market’. This comment also includes the municipality as better suited than private companies are to work with unemployed jobseekers.

There is always difficulty when commercial interests have sometimes taken precedence over the main mission (p. 1). Farsta exemplifies this with a marketization of a labor market program (Etableringslotsar) that they claim failed. The author of this comment describes the service in Farsta as a solution for the problems in establishing the

unemployed people on the labor market. By undermining the market logic, the municipality aims to make the municipal logic legitimate.

Lessebo municipality (p. 1) argues for three main very common claims in the comments: (i) the need for greater clarity in the relation with the PES, (ii) the need for economic compensation from the state for providing activation, and (iii) the need for the municipality to be free from legal mandates to take part in municipal labor market policy.

Lessebo municipality believes that it is good that the investigation has concluded that it is possible, but not that municipalities are forced to deliver services to the PES, as all municipalities have different conditions.

The knowledge claims that compensation, a more regulated relation to the PES, and voluntary participation are all needed for a better functioning in the municipal labor market policy and are represented in various forms in almost all comments that uphold the municipal logic. For most municipalities, there is a strong interest in using their important position and high legitimacy in the labor market field to present themselves as important and as the natural actor. However, the municipal logic is also contradictive when it comes to private companies performing labor market policy in regard to those persons with high thresholds for entering the labor market, which is the same category of unemployed individuals for whom the municipalities have organized their employment service units. SALAR claims that it is positive toward private companies when they are available geographically and meet the needs, here phrased as ‘effective interventions’ (p. 7).

However, SALAR (p. 7) claims that the described problems with the municipalities acting in a market, presented in SOU 2020:41 are ‘worrying’ and ‘needs to be nuanced’. The critique is that municipalities have problems in acting in a market due to them compromising basic principles in the administration in the public sector, for example, that municipalities can only function within their own geographical area (*lokaliseringprincipen*), that the municipality should not compete with private companies because they cannot go bankrupt and that they operate services without financial gain, and that municipalities discourage competition and innovation when private companies choose not to establish themselves and not to compete with the municipality. In SOU 2020:41, SALAR does not however develop exactly what is worrying and why there is the need to be nuanced.

A handful of municipalities want to go further in terms of the municipalities’ role in the field of labor market policy than that which was presented in SOU 2020:41, and these entities show that the municipality is the solution for problems in establishing unemployed persons on the labor market. For example, Täby municipality argues for the rewards if municipalities that have a ‘functioning’ (p. 2) employment service unit take over the full responsibility for active labor market policy for all unemployed individuals in the municipality.

So, why are SALAR and many of the municipalities so positive toward taking responsibility, more so or as much today? Why are they using their legitimate knowledge as referral bodies to reproduce the idea of municipalities as a dominant logic within the labor market policy? Why do they take this position despite the costs of more than five billion SEK (SALAR 2022), which they could save if the PES took responsibility and financed private companies working with the unemployed who are currently in municipal activation measures? There are two realistic reasons for making these knowledge claims in the municipal logic.



The first is that the municipalities have invested large sums, in that managers have made careers on activation, qualified staff have been employed, and physical premises have been designed and built for activation programs (Hollertz 2010; Ulmestig & Panican 2021). This institutionalization of municipal activation is labeled ‘second-wave activation’ by researchers (Lødemel & Moreira 2014; Murphy 2016), which can be exemplified by SALAR’s (p. 8) argument about the incentives of the municipalities:

Today’s labor market policy system is a complex ecosystem in which many actors operate and contribute. The organic development of the last 30 years has led to the municipalities taking an increasingly active role, above all to ensure that municipal citizens with obstacles entering the labor market receive sufficient support.

This claim that municipalities are a solution for the problems with the labor market policy can also be understood as a claim for legitimacy in this policy field. Most stakeholders in this logic do describe their experience and competence, as well as their existing employment service units, as the source for their knowledge. The municipalities thus hold a power relation in the labor market policy, but they also have to compete with the PES to stay legitimate and protect their position and income.

The second reason is based on the municipal experience of mistrust of the PES, portraying it as a failure in getting people established on the labor market, and more specifically for unemployed persons with high thresholds for entering the labor market. This relation can be exemplified in the comment from Trelleborg municipality (p. 3), though the claim is made in a harsher tone than most other comments.

About persons receiving social assistance, the municipalities must be given a formal responsibility and formal mandate to plan for the individuals’ path to financial self-sufficiency, as well as with regard to newly arrived immigrants where the municipality’s efforts are needed and where the Public Employment Service shows its failures time after time.

The knowledge claim that the PES is a failure is very well developed in the municipal logic. The claim not only gives the municipality legitimacy, but also gives space for private solutions to the problem of establishing unemployed persons on the labor market.

The municipal logic is made up of a municipalities with great powers as a collective. Such a municipality is legitimate, because it uses large sums on taking responsibility for unemployed persons and over the years has developed as an institution within labor market policy. Municipalities also argue that they are superior in comparison to the PES. These circumstances make the logic dominant and a strong claim maker.

The marketization logic

While the municipalities maintained their legitimate knowledge from years of experience of acting in the field, the stakeholders here also have their knowledge based on their familiarity with private companies within the field and the praxis as well as the legislation concerning competition in a market. One example is the Competence Agencies of Sweden (CAS) (p. 1), an employer/trade federation within the branch of staffing, outplacement, and recruitment companies. They maintain their legitimate knowledge:

‘Today, our authorized member companies in the development field deal with large parts of the Public Employment Service’s matching assignments’.

The stakeholders within this logic do not use or relate to knowledge about municipal labor market policy as it is described in the public investigation SOU 2020:42. There are very few references to the target group for municipal activation of unemployed social assistance recipients and others with high thresholds for entering the labor market. The very meaning of the investigation is instead to marketize labor market policy and try to deal with the municipalities within this new national system. CAS (p. 2) makes claims that the municipalities cannot compete with private companies in a functional market.

The proposals (in SOU 2020:41 – author’s note) risk completely ruining the competition with the private suppliers and excluding them from the market. The jobseekers lose the opportunity to choose from a diversity of actors in the market that prevail based on good quality.

Implying that the municipalities do not offer ‘good quality’ is worthy of note, yet it is unclear in the comment as to what such an assertion is based on.

In order to gain legitimacy for its knowledge claims, Almega presents itself as an employers’ organization for the service sector that has 11,000 member companies, employing over half a million Swedes including the CAS companies. Almega (p. 7) exemplifies the risks with municipalities in achieving a free market within labor market policy:

Due to being major local employers, the municipalities can have good conditions for matching people to their own activities or tax-subsidizing extra services and receiving compensation from the Swedish Public Employment Service for this (there is a system of incentives for private companies that get people work – author’s note). This occurs while the municipalities avoid the financial burden of having to pay social assistance when the participating municipal residents go to work.

The municipalities should not be allowed to compete in the labor market policy market. All the feasible solutions presented in SOU 2020:41 to identify possibilities for municipalities to continue providing activation are to be completely thrown out within the marketization logic.

The Swedish federation of small businesses (p. 2), based on their small business perspective, argues that small companies are more exposed in discussions of labor market policy due to them often acting locally and thus being more vulnerable. ‘If you criticize your own municipality’s distortion of competition, there is a risk that you will be disqualified from the local market for the foreseeable future’.

This marketization logic is not as pluralistic as the municipal one. The claims are made by a few large organizations as stakeholders, and they are quite consistent in their knowledge claims. The logic is about only market solutions being accepted in the field of labor market policy. This is the other dominant logic (see Battilana et al. 2009; Friedland & Alford 1991) besides the municipal logic, in the institutionalized field of labor market policy. This logic is dominant because the marketization of the labor market is the essence of the public report.



The research logic

This logic concerns how research as knowledge can be used to support claims in order to find legitimacy for stakeholders. Examples could be studies that suggest pros and cons with different actors in labor market policy. However, research is used by only a few stakeholders. Almost all the comments lack reference to research. This is especially apparent with respect to the lack of knowledge on what works and for whom in municipal labor market policy (see Forslund et al. 2019; SBU 2022), making the very foundation for knowledge claims based on research weak. The county administrative board in Stockholm (p. 4) is one of very few who request studies: ‘It is difficult to assess the socio-economic gain or effects of the reform proposals. It is even more difficult to see how the results of the reform will affect the individual’. It is worthy to note that the relevant research that is available is used very seldom. An exception is the Swedish Trade Union Confederation (LO) who claims that ‘there are no studies that indicate that the municipalities would be better at conducting labor market policy than the state’ (p. 1). LO also uses studies to strengthen its claim that the state is superior to the municipalities in organizing activation.

Nonetheless, there are some claims that are based on research, but with vague or missing references. The Swedish Agency for Participation claims that ‘there is clear evidence that the group furthest from the labor market needs powerful and long-term efforts to have a chance to get work’ (p. 2). Even some research units and universities, for example, Stockholm University, do not expressly reference studies, even if the claims are in line with research.

SALAR is a very influential actor among the referral bodies, and its 10-page comment is detailed and extensive. In spite of this lengthy comment, there is no claim that research is needed, and there is no reference to or mention of research in all SALAR’s suggestions. The municipal logic based on experience and the special role of municipalities in the administrative system in Sweden trumps research in SALAR’s claim making. It could be that there is a lack of research supporting SALAR’s claim that the municipalities should be a part of the labor market policy (see Thorén 2014; Forslund et al. 2019).

It is nevertheless very interesting that SALAR, who produces its own reports and collects its own statistical material from the municipalities, does not use this assembled knowledge to support its claims. However, the union the Swedish Confederation of Professional Employees (TCO) (p. 3) references the SALAR report. ‘At the same time, SALAR (2020) points out in a new survey that many municipalities consider the Swedish Public Employment Service’s local presence to be insufficient’. Why SALAR does not use its own reports as a legitimate knowledge source is truly puzzling.

The lack of research in supporting claims is obvious in the comments from the municipalities. There are claims made on effects. Uppsala municipality (p. 3) claims ‘the coordination of individuals also shows good results’. Meanwhile, Umeå municipality (p. 3) is an exception in the sense that it claims the need for more research:

Umeå Municipality sees it as positive that a state authority (IFAU – Institute for evaluation of labor market and education policy as the proposal suggests) is given the task of following up the municipal schemes for evidence and quality assurance (...)

There is also a plurality among the referral bodies about what is presented as research. Almega, an employers’ organization for the service sector, uses three different forms of

knowledge that are linked to research. The first is an analysis that it requested from a Professor (with the title in the footnote) of Law that is published on its homepage with the title 'The municipalities may not act as matching actors (p. 2)'. Then, one of Almega's own reports is cited according to conventional research reference technique. Almega also attaches a report, written in a semi-research manner from a consulting company ordered by Almega and the Confederation of Swedish Enterprise:

The Confederation of Swedish Enterprise and Almega have commissioned independent procurement experts to evaluate whether the measures proposed in the investigation balance out the distortions of competition that result from municipal suppliers entering the procurements. (p. 1)

The research logic is a subordinated logic within labor market policy. Because of the lack of solid evidence on what seems to work (Forslund et al. 2019; SBU 2022), claims supported by research become quite weak in the field when stakeholders defend their power positions. Also, research studies that support the municipalities and private firms acting in Swedish labor market policy are few, and the research does not always support the powerful actors' interests, like SALAR and the Confederation of Swedish Enterprise, and thus the research logic becomes subordinated.

The corporatist logic

The unions and the employers' associations have traditionally been key actors within the (national) labor market policy labeled as the 'corporatist system' (see Hermansson et al. 1997).

All employers agree on the problems with municipalities in a market as described in the marketization logic, which is easy to understand when these circumstances threaten resources for them. However, labor market policy is also a chance for employers to gain employees with competence in demand, even when corporatist systems no longer function in the labour market policy. The employers also give weight to the argument that a well-functioning labor market policy is crucial for the supply of competent labor, even if this line of reasoning is not given the same weight. An example is the Swedish Agency for Government Employers (p. 4) who maintains that 'a functioning national labor market policy is important for the state employers' supply of skills'. All the employers' associations seem to agree on this statement, but their perspective as employers in need of competent labor is not at all given the same weight as the logic of marketization. The other sector in the corporatist system is the unions.

Six member unions represent the trade union organizations in the referral bodies. They present a fragmented picture. Akademikerförbundet SSR can organize both officials in the PES, and social workers and staff working with municipal activation. This organization claims:

We welcome the fact that the investigation makes the assessment that the Swedish Public Employment Service can also procure labor market services from the municipalities, in accordance with the LOU, and allocate to the municipalities directly when the services of external suppliers are insufficient. (p. 2)



So, Akademikerförbundet SSR does not object to market solutions in labor market policy, but emphasizes that municipalities should also be allowed to act in that market.

The two unions, LO and TCO, are more consistent, even if LO uses more skeptical wording in its claims. The skepticism is about the municipalities, mainly from a claim concerning local variations being problematic from a principle of equality, the mandate to give all citizens the same chance to receive high quality labor market policy and not a dual system for social assistance recipients. This point can be exemplified by TCO (p. 2): ‘Even if municipalities are given pronounced opportunities to participate, local and regional differences can thus still be expected to remain in terms of the provision of labor market services’. Instead, the PES is claimed to be the solution to the local variations.

It should be said at the outset that TCO considers it of the utmost importance that the state’s responsibility for labor market policy can be ensured. The state has the ultimate responsibility for a functioning labor market policy throughout the whole country. (TCO, pp. 2–3)

Both TCO and LO also claim that the question on changes in labor market policy needs to be made on a more solid knowledge base. ‘LO believes that the question of why the unemployed with social assistance do not participate to a greater extent in the Public Employment Service’s program should be investigated in more detail’ (p. 1).

It is interesting that neither of the two unions claims to be directly negative to the marketization of the labor market policy, when the exact same argument with the risk of local variation could be similar for private companies as for municipalities. Even if the corporatist system is no longer institutionalized in the labor market policy, there are differences in the logic between the employers who want a market and the unions who want a state that protects national equivalence. However, both parties end up in the same corner, in a corporatist logic being negative towards municipalities in the labor market policy, and this is despite the ‘corporatist system’ was abandoned in 1993 in labor market policy (see Hermansson et al. 1997). Municipalities in labor market policy can be understood as representing another branch of the corporatist system, leaving both unions and employers without power over what competence unemployed persons need and how to organize the policy. The unions and employers’ organizations have only been active in the discussions on activation in a few municipalities, and their inclusion is not that common (see Panican & Ulmestig 2017). These conditions are possible explanations as to why the corporatist logic is subordinated in the field of labor market policy.

Discussion and conclusion—Municipal labor market policy as knowledge claims with meanings for unemployed persons

The aim of the article is to analyze knowledge claims concerning the role of municipalities within labor market policy in order to understand power relations and their meanings within this policy provided for unemployed persons who have high thresholds for entering the labor market.

The two knowledge claims from the municipalities and the stakeholders calling for the marketization became inevitably dominant when the public investigation (SOU 2020:41) presented the results on the possibilities for marketizing labor market policy

and for acknowledging that the municipalities already function as external providers for the PES. Both the municipal and market advocates have considerable political power in Sweden, and their claims cannot be ignored if the state public investigation is to be legitimate in the field of labor market policy. These are in this sense dominant logics marked by their power position.

The municipalities were contractionary. On one hand, they accepted and even requested their position within the labor market policy, but at the same time, they asked for less regulations from the state, thus making their position stable and protected. The municipalities have made large investments in labor market policy, and also, they were very suspicious of the PES, thereby prioritizing the municipalities and their unemployed inhabitants with high threshold to enter the labor market. The stakeholders calling for the marketization were in a powerful position, because this was the very essence of the report, which gave them a dominant stance to argue for the advantages with market solutions and for the problems with the municipalities acting on a free market.

Research does not appear to be very important and lacks power in the referral bodies, which is also the case for the corporatist tradition within labor market policy. The lack of research on marketization had already been stated in the public investigation SOU 2020:41, in which the mission from the government did not concern the issues of whether and why marketization has a relation to the municipal labor market policy, and these are issues where research could be applicable and contribute. Also, the lack of research that can answer what actually works is important. There is research which does not study the effect of programs or changes, but these studies were used very modestly. The corporatist knowledge claim did not argue in support of the municipalities. Instead, the unions argued that there are problems with local variations in service, and the employers not only continued to be negative from the market perspective but also to some degree from the argument of the importance of the labor market having a supply of skilled labor, which they perceived the municipality as not producing.

Analyzing the knowledge claims as different logics offers an understanding of power relations and their meanings for stakeholders in labor market policy, especially for unemployed people with high threshold to enter the labor market. So, which meanings do the competing powers and interests have for those unemployed individuals with the highest threshold to enter the labor market?

Different knowledge claims compete and sometimes correspond, as seen through knowledge claims made but also not made. What was close to absent in the claims was the questioning whether municipalities should act at all in labor market policy. Instead, there seems to be a consensus on the municipality's responsibility for unemployed persons with high threshold to enter the labor market. In this power game, these individuals end up in the municipalities who have economic incentives and a firm belief that activation makes people financially self-sufficient, simultaneously giving the municipalities cheap labor and providing incentives not to apply for social assistance in a 'something for something' sense. The unemployed worker closer to the labor market should be handled by private actors. For this to be possible, some efforts must be directed toward the unemployed persons with high thresholds for entering the labor market.

The meaning of keeping the municipalities motivated to continue producing labor market policy is not questioned or even discussed outside the municipal logic and to some degree in the research logic. However, nobody questions the knowledge claim in the comments that the municipalities are suited to deal with the unemployed jobseekers



with high thresholds for entering the labor market, at least as long as the municipalities do not act in the market jeopardizing the power and resources sought after by private companies. The private sphere does not care what the municipalities do with the unemployed persons not suitable for their services, the state trusts the incentives, and the municipalities have accepted their role in the dual labor market policy system. This situation fits very well in the field of labor market policy, and it also gives meaning to the dualization of activation.

The municipal labor market policy legitimizes and reproduces the dual system, that is *per se* a breach in the idea of a universal welfare state and that all citizens should benefit from equal access to resources and through that receive equal value. The municipal responsibilities for the unemployed individuals with high thresholds find meaning in the referral bodies when powerful actors like the unions and the employers seem to show very little interest in them. Neither actor seems to perceive municipalities as providing union members or even ‘workers’ with any protection or providing employees with the needed competence to be hired. The interest of these unemployed jobseekers could be understood as concerns a lack of power through absence of stakeholders arguing for them to be included in the national labor market policy. For example, the few user organizations were not invited to comment, and research describing service-users’ perspectives was not included nor was this perspective asked in the call for comments from the referral bodies in order to give meaning to the municipalities in the labor market policy.

So, how can this lack of interest for these unemployed persons from the state, the unions, and the employers be understood? The empirical material and research only give some clues that can be discussed. The Danish sociologist Hornemann Möller and his colleagues (2008) argue that in a labor market with post-fordistic production, the category that Marx labeled the ‘trash proletariat’ does not have the same meaning that they had during fordism. The state understands the full cost of getting them into the labor market, the unions were never that interested in those who were not ‘workers’, and these individuals have high thresholds for getting work so that they do not put pressure on wage demands which satisfies employers. The meaning instead of municipal labor market policy and financial support in the social assistance system is to use the duality to maintain the incentives for unemployed persons to enter the low-wage labor market.

When all the Nordic welfare states were established as ‘universal welfare states’, the dual system with both social insurance and social assistance was institutionalized. Some of the unemployed sector, ‘the workers’ got unemployment insurance, and those who did not establish themselves on the labor market got social assistance for their support. There could be a claim made, however, that the private firms providing labor market policy for all citizens is in contrast a step toward less duality. The PES then needs to change how it works with respect to lowering the threshold to get service. Such claims were not clearly visible in the comments from the state or the private actors or in the low-key public debate afterwards. Instead, this study suggests that the dual system and the uneven power relations give meaning to the Nordic labor market policy still. Most likely, labor policy occurs in different manners in different Nordic countries, and the need persists for other investigators to continue research to acquire more understanding about the very core of labor market policy in the universal Nordic welfare states.¹

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