



# Marketization, Rescaled Responsibilities, and Challenges for Cross-Sector Collaboration in Swedish Employment Services<sup>1</sup>

■ **Mattias Bengtsson<sup>2</sup>**

*Professor, Department of Sociology and Work Science, University of Gothenburg, Sweden*

■ **Tora Nord**

*Senior Lecturer, Department of Work Life and Social Welfare, University of Borås, Sweden*

## ABSTRACT

This article analyzes how a recent reform of Swedish employment service delivery reshapes the distribution of responsibilities among state, municipal, and private actors, and the challenges this generates for cross-sector collaboration. The study is based on interviews mainly with municipal employees and private providers in three municipalities. Drawing on Jessop's theory of welfare state restructuring, the findings show that 'depoliticization of power' and 'de-nationalization of the state' operate as mutually reinforcing dynamics: responsibilities are transferred both from the state to private providers and, for particularly vulnerable job seekers, from private providers to municipalities. However, the study also identifies challenges to cross-sector collaboration, both through fragmented service provision and uneven local presence of actors, and through what we call 'restatization of politics', that is, centralized steering within the Swedish Public Employment Service. These tensions challenge the emergence of a networked polity and may reinforce geographical inequalities in employment service delivery.

## KEYWORDS

active labor market policy / cross-sector collaboration / employment services / marketization / municipal employment service units / Sweden / welfare state restructuring

## Introduction

**D**uring the second half of the 20th century, Sweden was regarded as the social engineering state *par excellence* (Steinmo 2013), exemplified by an exceptionally extensive, state-funded Active Labor Market Policy (ALMP) (cf. Bonoli 2010, 2013; Johansson & Hvinden 2007). ALMP constituted a key pillar of 'the Rehn-Meidner model'—an economic policy framework in which extensive state-funded employment services and programs were intended to facilitate labor mobility from low productivity, low wage firms to high productivity, high wage firms. The objective was to achieve full employment, curb inflation, and promote greater income equality (Erixon 2010; Pontusson 1990; Steinmo 2013).

---

<sup>1</sup> You can find this text and its DOI at <https://tidsskrift.dk/njwls/index>.

<sup>2</sup> Corresponding author: Mattias Bengtsson. E-mail: [mattias.bengtsson@gu.se](mailto:mattias.bengtsson@gu.se)

However, over the past few decades, Swedish governments have followed broader trends among advanced economies by emphasizing monetarism, workfarism, and the marketization of welfare services delivery (cf. Bengtsson & Jacobsson 2018; Blomqvist 2004; Lødemel & Trickey 2001; Ryner 2002; Sivesind & Trættemberg 2017; Streeck 2017). This shift is reflected in a substantial decline in ALMP expenditures in Sweden (Bengtsson 2014; Sowula et al. 2024) alongside an expansion of marketized employment services (Nord & Bengtsson 2022). At the same time, increasing emphasis has been placed on cross-sector collaboration in welfare service delivery (cf. SFS 2015:502, 2022:811). This aligns with the idea that solving complex social issues ('wicked problems') requires a 'collaboration imperative' in contemporary societies (Emerson et al. 2012: 4). Such an imperative reflects the belief that collaboration among public authorities, as well as between public, for-profit, and non-profit actors, generates innovation, synergies, and efficiency (e.g., Andreassen et al. 2020; Flisbäck et al. 2024; Qvist 2016).

The increasing reliance on quasi-markets and the imperative of cross-sector collaboration in Swedish employment services reflect a broader reorientation in how welfare is organized and delivered; away from hierarchical provision and toward market-mediated and networked forms of coordination. This article analyzes the changing governance of employment services in relation to a recent reform in Sweden—the prompt implementation in 2021 of the service *Prepare and Match* for long-time unemployed within the Swedish Public Employment Services (the PES). The reform resulted in the creation of a larger quasi-market based on competitive tendering and payment-by-results systems<sup>1</sup>; increasing the complexity of how state employment service measures are organized, and how actors such as municipalities and private companies tackle related problems.

Following this, the *aim* is to analyze how this recent reform of Swedish employment service delivery reflects a rescaling and reconfiguration of welfare state governance, in terms of reshaping the distribution of responsibilities among state, municipal, and private actors, and the challenges this generates for cross-sector collaboration. Based on interviews from personnel in three municipalities in Sweden and private providers operating in the studied municipalities, the following *research questions* are posed: (1) How does the reform reshape responsibilities between state, municipal, and private actors? (2) What challenges for cross-sector collaboration emerge within increasingly marketized forms of employment service delivery? (3) How can these shifting responsibilities and challenges to cross-sector collaboration be understood in relation to contemporary welfare state restructuring?

Theoretically, we particularly draw on Jessop's work on welfare state restructuring, as the changing governance of employment services can be understood in relation to broader transformations of the capitalist welfare state, that is, as part of a shift toward a 'Schumpeterian Workfare Post-national Regime' in which 'competitiveness' and a 'networked polity' become key modes of governance (Jessop 1999, 2000, 2015, 2020).

The remainder of the article is organized as follows: The next part describes background and previous research. This is followed by theory on welfare state restructuring, and a part describing data and method. Our findings are then presented and analyzed. Finally, we draw some key conclusions in relation to theory on welfare state restructuring.

## Background and previous research

Traditionally, ALMP in Nordic countries such as Denmark and Sweden were characterized by state-run public employment services. However, while responsibility for ALMP in Denmark has been transferred to the municipalities (cf. Klindt et al. 2020; Larsen & Caswell 2022), it remains with the state in Sweden. That said, it should be noted that the labor market policy system has in practice become increasingly dualized in Sweden (Brauer 2021; Govender 2023; Johansson & Hvinden 2007). Alongside the PES, municipal employment service units (hereafter MESU) have expanded throughout Sweden providing more extensive measures at municipal level (Olofsdotter et al. 2024; Starke & Hollertz 2022). One key factor for this expansion is that government policies have turned towards less generous social benefits and stricter welfare conditionality (cf. Bengtsson & Jacobsson 2018; Wikström & Ahnlund 2018), which has forced municipalities to increase their ‘last resort’ services, particularly for vulnerable groups within the labor force. In this way, MESU must take greater responsibility for funding and providing their own preparatory activation measures ‘to prepare individuals for the state labor market policy measures’ (Uddbäck 2024: 68, our translation). Therefore, most Swedish municipalities currently have their own MESU, despite the lack of a statutory obligation to offer these services (Ulmestig 2024).<sup>2</sup> Indeed, in this study, a large part of our empirical material comes from interviews with managers and staff in MESU.

To understand the rescaling and reconfiguration of employment service governance in Sweden, the following sections present an overview of the creation of an extended quasi-market of employment services, the altered role and presence of the PES, and the imperative on cross-sector collaboration that the development has entailed.

## Creation of an extended quasi-market of employment services

During the 1990s and 2000s, ALMP in many advanced economies was reshaped through far-reaching reforms promoting decentralization and marketization (see, e.g., Larsen & Wright 2014). Although Sweden has historically been regarded as an ideal type of an extensive state-run ALMP system, it increasingly embraced market-based forms of employment service delivery in the 2000s. A key driver of this development was the market-oriented reform agenda pursued by the Conservative-led coalition government between 2006 and 2014. Inspired by existing systems of contracting-out job brokerage and counselling services, such as those in Australia and the United Kingdom, for-profit providers have come to play an increasingly important role in Swedish state employment service delivery (Ennerberg 2020; Laun & Thoursie 2014; OECD 2023). A New Public Management-inspired governance reform, announced in January 2019, stated that the PES should be ‘fundamentally reformed’ and that private actors should assume responsibility for matching and preparing job seekers (Socialdemokraterna et al. 2019). Through the service *Prepare and Match*, an extended contracted-out service for long-term unemployed was created. Besides a deepened marketization of employment services, one key consequence of this reform was that MESU were no longer allowed to provide job brokerage and preparatory activities on behalf of the PES. Instead, for-profit companies (so-called ‘external, complementary actors’) became solely responsible for providing these types of state employment services (Lundin et al. 2024; OECD 2023).

Previous research on the marketization of employment services has particularly examined its effects in terms of whether private providers reduce bureaucracy, increase efficiency, realize user choice, as well as foster innovative, high-quality, and flexible services. However, studies of diverse welfare states such as Australia, Denmark, and Great Britain have displayed lack of user choice and lack of innovative solutions for working with the most vulnerable job seekers, as well as tendencies of routinization and standardization (Breidahl & Larsen 2015; Considine et al. 2011, 2020; Larsen & Wright 2014; McGann 2021; van Berkel et al. 2012). Furthermore, in a study of provider accountability of marketized employment service in Italy, outcome-based payment system and fixed payment system were compared. The results show that although outcome-based contracting enforces financial accountability, it did not adequately avoid gaming tendencies (Scarano 2025). Indeed, these type of ‘endemic concerns’ like practices of ‘creaming’ and ‘parking’ are well-documented gaming tendencies linked to the creation of quasi-markets. By ‘creaming’, providers prioritize clients perceived as more employable, that is, having fewer barriers to work and thus considered easier, and cheaper, to move into employment, while ‘parking’ refers to practices where more vulnerable job seekers are neglected ‘time, energy or resources’ (Carter & Whitworth 2015: 279; cf. Considine 2011; Greer et al. 2018; McGann 2021). To give another illustration, in an Australian study by O’Halloran et al. (2021), these gaming tendencies were prevalent among private providers. Parking intensified the experienced damaging effect of unemployment, while creaming was likely to lead to precarious employment outcomes instead of long-term and sustainable employment solutions.

## Altered role and presence of the PES

As mentioned above, the implementation of *Prepare and Match* has significant consequences for municipalities since they are given a much more limited role within state employment service delivery. However, the reform also entails a transformed role of PES administrators. Since the search and matching support function was placed in the hands of private providers, the task was limited to registering and assessing job seekers through a statistical digital profiling tool, that is, allocating job seekers based on their support needs (Egebark et al. 2024). Furthermore, the role of the PES as a ‘purchaser organization’ was stressed, focusing on monitoring and regulating private providers to counteract unsound practices, such as prioritizing the unemployed claimants nearest to employment (cf. McGann 2021). The PES states that the reform itself ‘has taken up more and more time and resources’, affecting the agency’s ‘work on supporting and helping job seekers’ (Arbetsförmedlingen 2023: 4, our translation).

Moreover, significant funding cuts to the PES have reduced its local presence considerably, resulting in fewer offices and longer travel distances, especially in sparsely populated rural municipalities (SALAR 2024; Uddbäck 2024; Unionen 2026). At the same time, the geographical distribution of *Prepare and Match* providers is uneven, with providers concentrated in larger cities. As a result, many municipalities lack both a local PES presence and access to private providers (Unionen 2026). A challenge is therefore whether the private actors indeed deliver proper measures and adequate presence, thus offering sufficient support to job seekers, particularly in smaller, rural municipalities (Egebark et al. 2024; Lundin et al. 2024; SOU 2020:41). It should also be noted that one

motive for the downsizing of PES offices is ‘digitalization’ and has similarities with the transition toward digitalized PES in the UK, Flanders-Belgium, and Denmark (Ball et al. 2023; cf. Bengtsson et al. 2024).

## The imperative on cross-sector collaboration

Another key aspect of the shifting governance of employment services in Sweden is the imperative on cross-sector collaboration. Following a regulation from 2015 stipulating the conditions for collaboration between the PES and municipalities, the role for the municipalities in state employment services has been reduced to ‘actors in collaboration’ (SFS 2015:502), and not providers of measures. It is here illustrated in a government instruction to the PES:

The authority shall cooperate with municipalities with the aim 1. to provide individual job seekers with appropriate support and, 2. at an overall level, facilitate the planning, coordination and design of support for job seekers. The authority should also promote and facilitate coordination between municipalities and providers that carry out labor market policy measures on behalf of the authority. (SFS 2022:811, our translation)

In 2023, the PES had signed local collaboration agreements with 287 of the 290 municipalities in Sweden (Arbetsförmedlingen 2024). However, many municipalities have expressed discontent with the practices of the collaboration. Following a survey to all municipalities, the Swedish Association of Local Authorities and Regions—which works to expand the role of municipalities in Swedish labor market policy—criticizes how well the collaboration between the PES and municipalities works: ‘[T]here is a need for stronger collaboration at the strategic and operational level, especially around those who are further from work’ (SALAR 2022a: 3, our translation). Furthermore, an OECD report on the consequences of the contracted-out service reform in Sweden stresses that representatives from municipalities state that ‘operational co-operation has been reduced or completely disappeared in the context of the reform. The long-term and trusting relationships that were previously in place to support day-to-day co-operation are difficult to uphold in the reformed system’ (OECD 2023: 56).

Closing, we note that even though contracted-out employment services and cross-sector collaboration are key pillars in contemporary state-funded ALMP, literature gives limited insights into how competitiveness affects the conditions for cross-sector collaboration in state employment services. Also, there is limited knowledge as to how the shift of responsibilities between state authorities, municipalities, and private providers challenges state employment service delivery.

## Theoretical framework

To analyze how the reform of Swedish employment service delivery reflects a rescaling and reconfiguration of welfare state governance, this article draws on welfare state restructuring theory as its analytical framework. In particular, we rely on Jessop’s (2000: 55) work on how capitalist state forms seek to ‘secure the valorization of capital and/or

the social reproduction of labor-power'. Due to crisis-tendencies in postwar advanced Western capitalist states, key functions and roles of a 'Keynesian Welfare National State' ('KWNS') have in a Post-fordist society transformed in the direction of a 'Schumpeterian Workfare Postnational Regime' ('SWPR'). According to Jessop (1999: 349), these capitalist state forms are structuring 'the role of welfare regimes in economic and social reproduction, the scales on which welfare is organized, and the forms deployed in governing them'.

Regarding the state's role in economic and social reproduction, the KWNS is *Keynesian* in its reliance on demand-side management as the primary means of securing full employment, and *Welfare* in its commitment to redistributing 'the fruits of economic growth' and institutionalizing social rights (Jessop 1999: 350). In contrast, the SWPR is *Schumpeterian* in its emphasis on innovation through supply-side policies, and *Workfare* in subordinating social policy and welfare services to business demands for structural competitiveness and labor market flexibility (Jessop 2000: 63).

About the main scale on which welfare policies are organized and decided, and the relative weight of different modes of governance, the KWNS is *National* in its emphasis on the role of the nation-state 'in the overall steering and administration of the welfare state' (Jessop 2000: 59). Furthermore, it is *Statist* insofar as state coordination, exercised by top-down hierarchical structures, serves as the principal mechanism complementing market forces deployed in securing economic and social reproduction (Jessop 1999: 349-350). In contrast, the SWPR is *Postnational* because the significance of the nation-state has diminished, while 'other spatial scales and horizons of actions'—such as networks, partnerships, the informal sector—have become increasingly important. It is *Regime* because of the growing role of 'non-state delivery mechanisms in providing any state-sponsored economic and social policies' (Jessop 2000: 63).

Based on the key dimensions of the changing governance of welfare—namely the scales of which welfare is organized and the practices of welfare delivery—some trends in the transition from KWNS to SWPR are particularly relevant for understanding the restructuring of employment service delivery in Sweden:

First, with 'de-nationalization', or the 'hollowing out' of the state, Jessop (1999: 354) argues that the state's capacity to project power is increasingly delegated upwards (to international bodies), downwards (to regional or local states), or outwards (e.g., through local or regional cross-national alliances). As a result, policies are increasingly formulated and provided at levels other than the nation-state. One example of the downward transfer of policy-making functions is what Peck identifies as one aspect of 'workfarism', that is, the involvement of front-line offices in policy development: 'No longer just the territorial outposts of a centrally-managed system, they now have a role in making policy as well as implementing it' (Peck 2003: 80). In this article, de-nationalization refers specifically to the transfer of responsibility for funding and delivering labor market policy measures from the state to municipalities ('the local state').

Second, 'destatization' of politics is part of a shift from a 'hierarchical state' (government) to a 'networked polity' (governance). According to Jessop (2015: 174), this involves 'hybrid governance arrangements marked by horizontal and vertical patterns of coordination, multiple public and private sector agents'.

Third, 'depoliticization of power' refers to processes through which 'the frontiers of the polity' is rolled back (Jessop 2020: 157), rendering social problems increasingly

subject to ‘nominally *apolitical* forms of decision making’ (Jessop 2015: 175, italics in original). One example is the replacement of employment services previously delivered by state agencies or municipalities with contracted-out services provided by private actors.

## Data and method

### Background of the study and the sample

The qualitative interview study forms part of a Swedish research project that examined how actors in municipalities of different sizes and socioeconomic contexts perceive the need for, and challenges associated with, cross-sector collaboration following the implementation of the *Prepare and Match* service. The project also explored strategies for overcoming barriers to collaboration and improving support for vulnerable groups of job seekers.

Municipalities differ in their resources for employment services depending on factors such as proximity to larger cities and urban areas, local economic structures, unemployment levels, and population size (cf. Brauer 2021; Olofsdotter et al. 2024; Uddbäck 2024). These differences influence the range of private providers and employment measures available, as well as the local presence of the PES.

Drawing on a Swedish classification of municipalities based on population size, population density, and proximity to larger cities and urban areas, the study included three municipalities in the region of West Sweden. One ‘larger’ municipality belonged to the category ‘Larger city’, while the two ‘smaller’ municipalities were classified as ‘Commuter municipality near larger city’, the most common municipality category in Sweden (cf. SALAR 2022b).

The study was not designed as a systematic cross-case comparative analysis. Rather, the inclusion of three municipalities was intended to capture variation in how employment services are organized under different local conditions and how these conditions shape cross-sector collaboration, while also identifying broader patterns across the cases. In line with this objective, the selection criteria focused on municipalities of different sizes and characteristics, including both urban and small-town commuter municipalities representative of common municipal types in Sweden.

Concerning selection of participants for the study, we aimed at those who had profound knowledge of the implementation of the *Prepare and Match* service, the changing distribution of responsibilities among key actors, and its implications for cross-sector collaboration. We therefore recruited respondents in positions such as operations managers, organizational development officers, and labor market coordinators within MESU. Pre-existing relationships with informants at the municipal level facilitated participant recruitment. The written interview invitations included information about the project’s funding, purpose, design, and ethical principles.

A total of 16 interviews were conducted between November 2023 and September 2024, each lasting between 1 and 2 hours. Most respondents were employed at municipal level, including 10 managers or employees from MESU across the three municipalities, as well as one manager at the Individual and family care unit within the social services department of one of the smaller municipalities.

One main selection criterion in qualitative interview studies is to gather the type of data needed for real knowledge development (cf. Charmaz 2014). To gain a wider perspective as to the research questions, we also conducted four interviews with managers and employees from two private providers operating in the studied municipalities. In addition, we interviewed one manager from a coordination association.<sup>3</sup>

Taken together, the inclusion of respondents from different organizational settings and professional roles strengthened data triangulation by enabling findings to be cross-validated across multiple organizational and professional perspectives.

## Study design and analysis

The study was designed to explore how respondents, in their professional roles within different organizations, perceived cross-sector collaboration. The analysis did not focus on differences related to hierarchical position, gender, age, or similar characteristics, nor was it intended as a systematic comparison of all three municipalities.

Using a semi-structured interview guide, we explored respondents' perspectives on themes such as employment-related challenges at the municipal level, the role and mandate of MESU following the implementation of the *Prepare and Match* service, different forms of cross-sector collaboration, factors that hinder collaboration, and areas in which collaboration is perceived as particularly challenging. In addition, interviews with representatives of private providers included questions about the perceived strengths and weaknesses of the design of *Prepare and Match*, as well as their experiences of how the service operates in practice.

Regarding principles for data processing, the analysis followed an iterative and abductive approach, combining elements of Grounded Theory with theoretically informed interpretation. The interviews were first transcribed verbatim and subjected to an inductive thematic analysis. Initial codes, closely grounded in the interview transcripts, were generated for each interview and subsequently grouped according to context and meaning. After the initial coding stage, codes from the different interviews were systematically compared and grouped according to recurring patterns and similarities. These categories were then further refined into broader themes. Throughout this process, we wrote extensive analytical memos, which served as an important tool for developing and refining emerging interpretations of the data (Charmaz 2014; Strauss & Corbin 1990).

Initially, the project drew on theories of institutional logics to explore how different organizational logics shape actors' understandings and practices, and how these differences may generate tensions in processes of cross-sector collaboration. However, as the analysis progressed, a recurring pattern across all three empirical settings concerned challenges related to limited or absent forms of cross-sector collaboration and perceived shifts of responsibility between actors. This prompted a reorientation of the analytical framework, as concepts from welfare state restructuring theory—particularly Jessop's work—provided more suitable for interpreting these empirical patterns.

In the final stage of the analysis, the empirically grounded categories were reinterpreted and organized in relation to key theoretical concepts primarily derived from Jessop (1999, 2000, 2015). This process resulted in four overarching themes: 'Marketization as depoliticization of power', 'De-nationalization of the state—shifting responsibilities from state to municipalities', 'Destatization of politics problematized—challenges

for cross-sector collaboration’, and ‘Restatization of politics through centralization of authority’. These themes thus reflect a combination of inductively derived patterns in the data and theoretically informed interpretation.

## Findings

### Interactive effects of depoliticization of power and de-nationalization of the state

This section argues that the consequences of the *Prepare and Match* reform for the changing governance of employment services in Sweden are best understood through the interaction between processes of depoliticization of power and de-nationalization of the state. Rather than operating independently, these processes seem to function as mutually reinforcing dynamics that reshape the distribution of responsibilities within Swedish employment service delivery.

On the one hand, following Jessop (2015), part of the creation of hybrid governance arrangements is the horizontal transfer of responsibilities to for-profit actors in providing state-financed policies. This concerns depoliticization of power, for example, through advancement of market mechanisms, exemplified by the contracted-out employment service *Prepare and Match*.

On the other hand, a key feature of the *postnational* aspect of the SWPR is the de-nationalization, or ‘hollowing out’, of the nation-state, whereby the state’s capacity to project power is weakened while other spatial scales become increasingly significant (Jessop 1999). In our study, personnel within MESU experience this shift as a growing lack of state support and financial compensation. One MESU employee at a larger municipality says that ‘the municipalities get to work with those individuals who are extremely far from the labor market without really having ... You don’t really get any support from the state’, and a MESU manager at the smaller municipality 1 stresses that ‘it is clearly problematic because the municipalities are not being financially compensated. That’s how it is!’

These challenges facing municipalities have also been highlighted in previous research. In analyzing the role of municipalities in Swedish labor market policy, Ulmestig (2024: 9) notes that a shared knowledge claim by many municipalities is ‘the need for economic compensation from the state for providing activation’. Moreover, in a study of two smaller Swedish municipalities, Uddbäck (2024: 77, our translation) emphasizes that the transfer of responsibility from the state to the municipality has not been accompanied by a corresponding transfer of ‘resources and powers linked to labor market policy’. As a result, the vertical transfer of responsibility for vulnerable job seekers may leave municipalities with a growing number of resource-poor individuals to support without additional resources.

Compared with earlier forms of marketization in Swedish state employment services, the private providers’ remuneration in the *Prepare and Match* is more strongly performance-based and differentiated according to participants’ assessed distance from the labor market, that is, their expected prospects for labor market participation (Lundin et al. 2024). However, the horizontal transfer of responsibility from the state to private providers also means that providers receive the somewhat ‘stronger’ individuals while



‘the others’, that is, those who are further from regular employment, are transferred to MESU: ‘It feels like it is the PES job to put those who are strong into *Prepare and Match*. They have no tools for supporting the others’ (Employee at MESU, larger municipality).

At the same time, there seems to be a ‘gray zone’ of individuals that need more help than they are offered by the private providers—the providers particularly invest in those ‘who are viable’.

We believe there is another group in the gray zone where the PES has assessed that they should be referred to these private actors, but where less work is carried out [with the participants] than it should be/.../I think that they [the private providers] invest more in those who are viable and easier to get into work quickly than people where you need to invest a lot. So that’s why they invest less. (Employee at MESU, larger municipality)

As illustrated by the MESU respondent above, current payment-by-results arrangements may encourage private providers to engage in unsound practices such as ‘creaming’ (see, e.g., Carter & Whitworth 2015; McGann 2021). Notably, concerns about creaming and parking among private providers were also echoed by respondents working within the provider organizations themselves.

I heard from another provider that they have developed a way of working with so-called focus participants. You simply focus on 4-5 of the participants, those that you are certain will find employment. So, you only focus your efforts on them to improve your statistics. And that’s a problem. I see it like this: We have two different groups, the independents and those who need a lot of help and support. But if I only focus on these educated and experienced self-starters, and ignore this other group, what will happen to them? They will never get a job. (Employee at private provider 1)

The quotation above illustrates a situation in which more vulnerable job seekers may receive less intensive support despite having greater support needs. From a policy perspective, one might expect these individuals to be offered a broader range of measures tailored to their specific circumstances and barriers to employment. However, a report by the Swedish Association of Local Authorities and Regions on initiatives received by participants in *Prepare and Match* suggests otherwise. According to the report, both scope and type of activities are largely similar across participants, regardless of their differing challenges and needs for support: ‘Those who are further from work do not receive more or different support than others; individuals with disabilities that result in reduced work capacity even receive less support than others’ (SALAR 2024: 6, our translation).

Furthermore, as more vulnerable job seekers tend to be ‘parked’ (Carter & Whitworth 2015) by the private providers, some may increasingly rely on MESU for support. This can result in responsibility and costs associated with supporting these individuals being shifted from private providers to municipalities, while providers may continue to receive state compensation if participants subsequently move closer to the labor market (cf. SALAR 2022a, 2024).

Since the municipality still has the ultimate responsibility [for vulnerable citizens], when these fine visions [of marketized employment services] do not work in practice, it is still

the municipalities that must bear the cost. When fair financing has not been built into the system from the outset, it often feels as though we do the actual work and then someone else [a private provider] receives the financial rewards. (Manager at the Individual and family care unit, smaller municipality 2)

Finally, the freedom-of-choice system underlying contracted-out services may generate a different mechanism through which responsibility for certain job seekers is gradually shifted to municipalities. Research on market-based welfare provision has highlighted the risk that profit incentives may encourage private providers to reduce costs at the expense of service quality and long-term labor market integration (e.g., Egebark et al. 2024; Greer et al. 2018; Scarano 2025). At the same time, participant-choice systems may, at least in theory, incentivize providers to compete for participants by offering more comprehensive services. However, as illustrated in the quotation below, they may also create incentives to lower participation requirements and reduce mandatory attendance.

For example, one of my participants said: ‘Why do I have to come every week to participate in activities?’ And I said: ‘Well, because that’s what it says in the agreement with the Public Employment Service, and we have to comply with it.’ But another provider had said to this participant: ‘Switch [provider]! We have no requirements for on-site activities.’ (Employee at private provider 2)

This empirical pattern differs somewhat from conventional understandings of creaming and parking. Rather than selectively prioritizing the most employable participants, providers may compete for participants by lowering requirements to appear more attractive. Marketization may thus foster a broader form of low-intensity services that resembles parking, even when it is not directed exclusively at participants with the greatest barriers to employment. Such dynamics may also shift responsibility to municipalities, as job seekers who do not frequently access contracted-out services may become increasingly dependent on municipal services over time, with municipalities functioning as providers of ‘last resort’.

In conclusion, alongside the transfer of responsibilities from the state to private providers associated with the process of ‘depoliticization of power’, there appears to be a parallel transfer of responsibility from private providers to municipalities, particularly with regard to the most vulnerable job seekers. Although the *Prepare and Match* reform means that MESU are no longer permitted to provide job brokerage and preparatory activities on behalf of the PES, the findings suggest that municipalities nevertheless retain responsibility for individuals who require more extensive preparatory support.

Taken together, the findings suggest that the *Prepare and Match* reform contributes to a reconfiguration of welfare state governance characterized by a double shift in responsibility: horizontally to private providers and vertically to municipalities. In this way, the reform illustrates the interactive effects of depoliticization of power and de-nationalization of the state. The result is a fragmented governance structure in which responsibilities are dispersed while accountability and resources remain unevenly distributed.

## Destatization of politics problematized: Challenges for cross-sector collaboration

The previous section examined how key welfare state restructuring trends have reshaped the distribution of responsibilities in state employment service delivery. Another central feature of the transition toward a post-national regime, emphasized by Jessop (2015), is the ‘destatization of politics’, particularly the shift from a hierarchical state to a networked polity. If such a transformation has occurred, we would expect cross-sector collaboration to emerge as an increasingly important mode of governance. This raises the second research question concerning the challenges of collaboration within increasingly marketized forms of employment service delivery.

Viewed through the lens of a networked polity, the process of depoliticization of power reveals a potential tension between market-based forms of governance and forms of inter-organizational coordination. Furthermore, our findings show that this tension must also be understood in spatial terms, highlighting the importance of geographical differences (cf. Farrugia 2014). In the more densely populated municipality, challenges to collaboration with private providers were linked to their *multiplicity*: ‘There are probably 27 complementary actors [private providers] in city X alone. Keeping track of all of them, it’s very, very difficult’ (Manager at MESU, larger municipality).

This observation is in line with Qvist’s (2016: 36) study on market-based service delivery for refugees in Sweden, in which he argues that ‘[t]he sheer number of actors involved may create difficulties for coordination’. However, while the large number of private providers creates coordination challenges in the larger and more urban municipalities, the situation is different in the smaller and more rural municipalities. According to Swedish statistics from 2023, 43% of private providers in ‘Rural municipalities with a visitor industry’ lacked a physical office, compared with 13% in ‘Large cities and municipalities near large cities’ (SALAR 2024: 35, our translation). As a result, collaboration in sparsely populated rural municipalities may be hindered by the limited local presence—or complete *absence*—of private providers.

In the past, we did not have a single private actor located in our municipality and then you [the job seeker] still must go somewhere [to have a meeting with the private actor]. And given that we are a sparsely populated municipality with poor communications and few people with driving licenses in that group [of vulnerable job seekers], that alone can be an impossibility. Now we have, I think, a private actor here who says that they are open, but it’s a bit doubtful whether they are staffed or not when they are open. (Employee at MESU, smaller municipality 2)

Furthermore, respondents in the smaller and less urban municipalities criticize the limited local presence of providers, noting that support is often delivered through remote meetings and that job seekers are sometimes required to travel long distances to participate in provider-organized activities.

If you have a private provider, for example based in a medium-sized town, and you live in a small village, it’s almost impossible to get there within a specific time frame. So, it also becomes difficult to utilize the social services. (Manager at the Individual and family care unit, smaller municipality 2)

Also, one manager in one smaller municipality stresses that despite efforts from the municipality to establish collaboration with the private provider, the willingness to collaborate has declined following negative experiences.

...the caseworkers had been very frustrated with the private providers, but then we thought that, speaking of collaboration being important, we must try to create a different picture/.../my team of administrators was at a study visit to the only locally based private provider/.../But they were not so impressed (laughter). The idea was that now we have put the past behind us/.../now we're trying to establish relationships with them [the private providers]. But it was almost as if our prejudices were confirmed by far; it did not directly increase the willingness to collaborate. (Manager at Individual and family care unit, smaller municipality 2)

Taken together, the quotations above suggest that the absence of locally based providers may create both accessibility challenges and strained collaborative relations in sparsely populated municipalities. Furthermore, consistent with the broader process of denationalization of the state discussed above, the declining local presence of the PES may create additional barriers to collaboration within a networked polity. One manager at a private provider remarks, somewhat ironically, that the PES has 'switched off' and that one now 'must call a switchboard; not even the participants can reach them'. According to respondents, this development seems to affect the smaller municipalities to a larger extent. As one MESU manager at a smaller municipality observed: '...the smaller municipalities will have greater challenges/.../there will be greater geographical differences in Sweden after the PES reform, as the PES so clearly zooms out from certain locations'. By contrast, the strong local presence of the PES in the larger municipality in our study seems to provide greater continuity and more favorable conditions for collaboration:

...we have a very good collaboration with the PES locally and it's very much about working closely over the years and the proximity to the PES. It's in the city. That's probably where some other municipalities have difficulties when the PES has moved away. (Employee at MESU, larger municipality)

In the smaller municipalities, where collaboration with the PES mainly takes place remotely, this creates challenges, particularly for individuals and groups facing barriers to regular employment.<sup>4</sup> As a result, inter-organizational collaboration may become less effective and fail to achieve what Jessop (2020: 26) terms 'noise reduction', that is, to create 'practices that are intended to facilitate communication and mutual understanding between actors and organizations oriented to different operational logics and rationalities'. In addition, the digitalization of the PES has led to greater specialization and increased reliance on self-service through digital tools and channels (Bengtsson et al. 2024; Wallinder & Seing 2022). Consistent with this development, the PES have increasingly replaced face-to-face meetings with digital solutions, creating a risk that MESU and PES will make different assessments of an individual's employability. Although digitalization may curb certain geographical disparities in service provision, research has shown that more vulnerable job seekers in Sweden experience difficulties using these digital communication channels and therefore require additional support (cf. Bengtsson et al. 2024; OECD 2023).



...the municipalities' activities become even more important for people who cannot use these digital tools, or who do not dare to use them, that they [staff at MESU] need to sit down together with them and help them connect with healthcare services, the Social Insurance Agency, or the PES. So, they [MESU] take on a different role there too, to support these people. (Representative at coordination association)

This transfer of responsibility for resource-poor job seekers to the municipalities represents yet another example of de-nationalization of the state. A related challenge concerns inequalities associated with Sweden's increasingly dualized labor market policy system. Because municipalities are not legally required to provide their own employment services (Ulmestig 2024), the role, scope, and resources of MESU depend largely on local political priorities and financial conditions.

There are no requirements for municipalities to offer any support at all. And this means that there are huge differences between municipalities depending on the municipality's finances, political leadership, and level of ambition. So, it's very unequal, depending on which municipality you live in, what support you can get. (Representative at coordination association)

Consequently, the extent of municipal employment services depends on local conditions, that is, the extent to which municipalities can absorb the responsibilities transferred from both the state and private providers. Combined with the absence of a statutory framework governing municipal employment services, these vertical and horizontal shifts in responsibility risk reinforcing inequalities in the distribution of welfare services.

Finally, another challenge to cross-sector collaboration can be seen as a countervailing tendency to the de-nationalization of the state. Although Jessop (2000: 65) argues that the nation-state has lost its 'taken-for-granted primacy', our findings simultaneously point to efforts by the state to retain control within changing modes of governance. We conceptualize this strategy to counteract local-level decision-making autonomy in a post-national regime (cf. Andersen 2021) as 'restatization of politics'.

Instead of a change to 'self-organization of interorganizational relations', focused on solving coordination problems through ongoing dialogue, enabling negotiated agreements, resource sharing, and joint action (Jessop 2020: 24), respondents in MESU describe an increasing centralization of authority within the PES. This hampers the staff's decision-making power at the local level.

The big challenge between the municipality and the PES is that the PES has become increasingly centralized over/...at least the last six or seven years. Previously, there was greater flexibility at local level [for the PES staff] to make their own decisions. (Employee at MESU, larger municipality)

The perceived reduction in local flexibility also makes collaboration more unpredictable and hinders the development of effective collaborative initiatives.

My colleagues at the PES are so limited in what agreements they can make. For example, if we want to start some joint projects, then the case must be taken to the national level and

be decided there. So local influence has been removed/.../If the PES had been given a little more local freedom to have funds for joint projects, where we could co-finance projects, then we could have achieved much more. (Manager at MESU, larger municipality)

This challenge for collaboration, namely the increase in hierarchical command, is also highlighted by Uddbäck (2024). Drawing on concepts developed from Ulmestig, Uddbäck identifies a reinforced clash between a ‘municipality logic’, characterized by being ‘more agile, locally anchored and close to the individuals concerned’, and an ‘employment service logic’, in which PES staff experience a reduced scope for action ‘as a result of centralized and standardized processes that govern the content of the work’ (Uddbäck 2024: 66, our translation).

A similar pattern can be observed in Danish labor market policy. Although responsibility for implementation has been decentralized to municipalities, Danish researchers emphasize that ALMP remains strongly shaped by central regulation, benchmarking, and financial incentives, illustrating a system of decentralized implementation under centralized governance (Klindt et al. 2020; Larsen & Caswell 2022).

Taken together, the expansion of a quasi-market for employment services in Sweden, combined with the growing emphasis on cross-sector collaboration, has generated multiple challenges at different levels. The final section discusses these findings in relation to the article’s overall aim and theoretical framework.

## Concluding discussion

In this article, we have analyzed the reshaping of welfare state governance, in terms of shifting responsibilities between state, municipal, and private actors and the resulting challenges for cross-sector collaboration, in the light of a recent reform of contracted-out employment services in Sweden (*Prepare and Match*).

The complexity of the contemporary governance of state employment services—as seen in the studied municipalities—is first shown in a ‘double shift’ of responsibilities: both a transfer of responsibilities from the state to private providers through the large-scale expansion of a quasi-market, and a ‘reversed’ transfer of responsibility from private providers to municipalities for particularly vulnerable job seekers.

The respondents emphasized that participants assigned to private providers are generally closer to the labor market, whereas those with more complex support needs are often redirected to municipal employment services. However, within the group assigned to private providers, the interviews also reveal strategies for creaming and parking, resulting in some of the most vulnerable individuals turning to MESU for support. The freedom-of-choice system of contracted-out services also generates outcomes that shift responsibility for specific job seekers to the municipalities in another way. Providers may compete for participants by imposing fewer requirements regarding participation and attendance. We argue that such strategies may also transfer responsibility to municipalities. Participants who are less actively engaged or receive insufficient support may become increasingly dependent on municipal services over time, leaving municipalities to act as providers of ‘last resort’. In terms of Jessop (2000, 2015), our study shows that the processes of depoliticization of power and de-nationalization of the state appear as

mutually reinforcing dynamics that reshape the distribution of responsibilities in contemporary Swedish employment service delivery.

A related concern of this article is how competitiveness affects the conditions for cross-sector collaboration in state employment services, an issue that has received limited attention in previous research. Among the few exceptions is Qvist's (2016: 36) analysis of the consequences of market governance and collaborative governance on local inter-agency co-operation in Sweden, where he argues that the development of 'an intricate mix of vertical and horizontal relations poses difficulties for organizing the collaboration'. Also, an OECD report drawing on interviews with a broad range of national, regional, municipal, and private stakeholders stresses the limited contact among private ('independent') providers and municipalities in Sweden. The authors therefore recommend introducing a 'system for co-operation and information sharing between municipalities and independent providers' (OECD 2023: 72).

Concerning the challenges for cross-sector collaboration within increasingly marketized forms of employment service delivery, the findings in our study do not show any established forms of inter-organizational coordination between public and private actors, which contradicts that the 'collaboration imperative' has been integrated into Swedish employment services (cf. Emerson et al. 2012).

The findings reveal several challenges to cross-sector collaboration. First, market governance and competition among actors may undermine inter-organizational coordination. In larger municipalities, the sheer number of private providers creates coordination difficulties, whereas smaller and more rural municipalities face challenges stemming from the limited or absent local presence of providers. These geographical differences are reinforced by the declining local presence and increasing digitalization of the PES, which make collaboration more remote, fragmented, and difficult for vulnerable job seekers. At the same time, municipalities are increasingly expected to compensate for gaps in service provision, despite substantial local variations in resources and responsibilities. A further challenge for cross-sectoral collaboration is what we call *restatization of politics*. This is reflected in respondents' perceptions of centralized steering within the PES, which limits local discretion and reduces opportunities for joint projects and locally adapted forms of cross-sector collaboration. Consequently, this has led to a reversal of front-line workers' freedom of action, of 'making policy', toward being more like 'territorial outposts of a centrally-managed system' (Peck 2003: 80).

Considering this, how can these shifting responsibilities and challenges to cross-sector collaboration be understood in relation to contemporary welfare state restructuring? The developments described above—marketization and decentralization of employment services—carry elements of organization and funding of activities in the direction of a post-national regime. In this way, current practices are part of 'the choice revolution' (cf. Blomqvist 2004; Sivesind & Trættemberg 2017), through which competitive market forces have gained prominence in welfare provision, in line with the neo-liberal economic policy imperative. Following this, decades of retrenchment policies (cf. Bengtsson 2014; Sowula et al. 2024), together with the expansion of quasi-markets characteristic of what Jessop (2022) later termed 'Ricardian Workfare Post-national States'<sup>5</sup>, have contributed to the retreat of the former Swedish social engineering state.

At the same time, despite assumptions that hierarchical command may be less effective in addressing contemporary multidimensional 'wicked problems' (cf. Flisbäck et al. 2024; Jessop 2020), our study highlights several challenges to the emergence of a

networked polity regime. Rather than generating stable forms of cross-sector collaboration, the restructuring of employment services appears characterized by institutional tensions arising from market competition, fragmented service provision, centralized steering, and uneven local capacities. In this sense, the findings challenge the emergence of a regime centered on innovation through inter-organizational coordination.

Moreover, the increasing centralization within the PES suggests that processes counteracting the diffusion of responsibility from the state to ‘other spatial scales and horizons of action’ (Jessop 2000: 63) remain significant. In other words, centralized governance and weak local coordination appear to constitute a fragile institutional foundation for a networked polity.

At the same time, these developments risk reinforcing inequalities among vulnerable unemployed individuals on the receiving side of employment service delivery. Taking geographical differences into account (cf. Farrugia 2014), unequal access to adequate and high-quality employment services may increasingly emerge between larger urban municipalities and smaller rural municipalities (cf. SALAR 2024; Uddbäck 2024; Unionen 2026). When the state withdraws and private providers are difficult to access, municipalities outside urban centers may increasingly bear responsibility for addressing complex employment-related challenges. Since municipalities receive no financial compensation from the state for these responsibilities, geographical disparities in employment service delivery may widen further, contributing to growing welfare inequalities in contemporary Sweden.

To conclude, even though labor market policy is still officially described as ‘primarily a government commitment’ (SOU 2020:41, p. 46, our translation), municipalities are increasingly expected to compensate—through their own funding and employment services—for the limited local presence of both state authorities and private providers.

## Acknowledgements

This research was funded by the Centre for Welfare Studies, University of Borås (grant no. FO 2023/105). We are also grateful to the anonymous reviewers for their constructive comments and to Marita Flisbäck and Hanna Uddbäck for valuable feedback on an earlier draft of the manuscript.

## References

- Andersen, N.A. (2021). The technocratic rationality of governance – the case of the Danish employment services. *Critical Policy Studies*, 15(4): 425–443. <https://doi.org/10.1080/19460171.2020.1866629>
- Andreassen, T.A., Breit, E., & Saltkjel, T. (2020). Research approaches to networked employment services: A systematic review. *Social Policy & Administration*, 54(7): 1179–1197. <https://doi.org/10.1111/spol.12597>
- Arbetsförmedlingen (2023). Återrapport. Uppdrag till Arbetsförmedlingen att analysera och redovisa behov hos långtidsarbetslösa som står särskilt långt ifrån arbetsmarknaden. [Follow-up Report. Assignment to the Swedish Public Employment Service to analyze and report on the needs of long-term unemployed individuals who are particularly distant from the labor market]. Stockholm, Arbetsförmedlingen.



- Arbetsförmedlingen (2024). *Uppföljning av målsättningarna i Arbetsförmedlingens överenskommelse med kommuner. Summerande sammanställning*. [Follow-up of the objectives in the Swedish Public Employment Service's agreements with municipalities. Summary compilation]. Stockholm, Arbetsförmedlingen.
- Ball, S., McGann, M., Nguyen, P., & Considine, M. (2023). Emerging modes of digitalisation in the delivery of welfare-to-work: Implications for street-level discretion. *Social Policy & Administration*, 57(7): 1166–1180. <https://doi.org/10.1111/spol.12939>
- Bengtsson, M. (2014). Towards standby-ability: Swedish and Danish activation policies in flux. *International Journal of Social Welfare*, 23(Suppl. 1): S54–S70. <https://doi.org/10.1111/ijsw.12075>
- Bengtsson, M. & Jacobsson, K. (2018). The institutionalization of a new social cleavage: Ideological influences, main reforms and social inequality outcomes of “the new work strategy”. *Sociologisk Forskning*, 55(2–3): 155–177. <https://doi.org/10.37062/sf.55.18188>
- Bengtsson, M., Jacobsson, K., & Wallinder, Y. (2024). A journey into the new employment service landscape of responsabilisation: Towards de-personalisation of the caseworker–jobseeker relationship. *International Journal of Social Welfare*, 33(1): 137–150. <https://doi.org/10.1111/ijsw.12584>
- Blomqvist, P. (2004). The choice revolution: Privatization of Swedish welfare services in the 1990s. *Social Policy & Administration*, 38(2): 139–155. <https://doi.org/10.1111/j.1467-9515.2004.00382.x>
- Bonoli, G. (2010). The political economy of active labor-market policy. *Politics & Society*, 38(4): 435–457. <https://doi.org/10.1177/0032329210381235>
- Bonoli, G. (2013). *The origins of active social policy: Labour market and childcare policies in a comparative perspective*. Oxford University Press.
- Brauer, J. (2021). Labour market policies on a sub-national level. *SN Social Sciences*, 1(6): 1–21. <https://doi.org/10.1007/s43545-021-00163-0>
- Breidahl, K.N. & Larsen, C.A. (2015). The developing trajectory of the marketization of public employment services in Denmark: A new way forward or the end of marketization? *European Policy Analysis*, 1(1): 92–107. <https://doi.org/10.18278/epa.1.1.7>
- Carter, E., & Whitworth, A. (2015). Creaming and parking in quasi-marketised welfare-to-work schemes: Designed out of or designed in to the UK work programme? *Journal of Social Policy*, 44(2): 277–296. <https://doi.org/10.1017/S0047279414000841>
- Charmaz, K. (2014). *Constructing grounded theory*. Sage.
- Considine, M., Lewis, J.M. & O'Sullivan, S. (2011). Quasi-markets and service delivery flexibility following a decade of employment assistance reform in Australia. *Journal of Social Policy*, 40(4): 811–833.
- Considine, M., O'Sullivan, S., McGann, M., & Nguyen, P. (2020). Locked-in or locked-out: Can a public services market really change? *Journal of Social Policy*, 49(4): 850–871. <https://doi.org/10.1017/S0047279419000941>
- Egebark, J., Laun, L., Liljeberg, L., Rödin, M., Söderström, M., Videnord, E. & Vikström, J. (2024). *En effektutvärdering av arbetsförmedling med fristående leverantörer*. [An impact evaluation of employment services with external providers]. Uppsala, IFAU.
- Emerson, K., Nabatchi, T., & Balogh, S. (2012). An integrative framework for collaborative governance. *Journal of Public Administration Research and Theory: J-Part*, 22(1): 1–29. <https://doi.org/10.1093/jopart/mur011>
- Ennerberg, E. (2020). Unemployment services for newly arrived migrants in Sweden: The privatization and rebureaucratization of the introduction programme. *Social Policy & Administration*, 54(5): 719–732. <https://doi.org/10.1111/spol.12571>
- Erixon, L. (2010). The Rehn-Meidner model in Sweden: Its rise, challenges and survival. *Journal of Economic Issues*, 44(3): 677–715. <https://doi.org/10.2753/JEI0021-3624440306>

- Farrugia, D. (2014). Towards a spatialised youth sociology: The rural and the urban in times of change. *Journal of Youth Studies*, 17(3): 293–307. <https://doi.org/10.1080/13676261.2013.830700>
- Flisbäck, M., Nord, T., & Uddling, J. (2024). Inledning [Introduction]. In M. Flisbäck, T. Nord & J. Uddling (Eds.), *Välfärdssamhällets omvandling i praktiken. Om ansvarsförskjutningar och samverkans gränser* [The transformation of the welfare society in practice. On shifts in responsibility and the limits of collaboration] (pp. 9–30). Nordic Academic Press.
- Greer I., Schulte L., & Symon G. (2018). Creaming and parking in marketized employment services: An Anglo-German comparison. *Human Relations*, 71(11): 1427–1453. <https://doi.org/10.1177/0018726717745958>
- Govender, L. (2023). *Crumbs from the rich man's table? Municipal labour market policies and recognition of welfare recipients in Sweden*. Växjö, Linnaeus University Dissertations.
- Jessop, B. (1999). The changing governance of welfare: Recent trends in its primary functions, scale, and modes of coordination. *Social Policy & Administration*, 33(4): 348–359. <https://doi.org/10.1111/1467-9515.00157>
- Jessop, B. (2000). Restructuring the welfare state, re-orienting welfare strategies, re-visioning the welfare society. In B. Greve (Ed.), *What constitutes a good society?* (pp. 54–76). Palgrave Macmillan.
- Jessop, B. (2015). *The state. Past, present, future*. Polity Press.
- Jessop, B. (2020). *Putting civil society in its place. Governance, metagovernance, and subjectivity*. Policy Press.
- Jessop, B. (2022). Offe's paradox in the light of neoliberalism and its paradoxes: Schumpeterian workfare and Ricardian austerity. In P. Kettunen, S. Pellander & M. Tervonen (Eds.), *Nationalism and democracy in the welfare state* (pp. 104–126). Edward Elgar.
- Johansson, H. & Hvinden, B. (2007). Re-activating the Nordic welfare states: Do we find a distinct universalistic model? *International Journal of Sociology and Social Policy*, 27(7–8): 334–346. <https://doi.org/10.1108/01443330710773908>
- Klindt, M.P., Rasmussen, S. & Jørgensen, H. (2020). Aktiv arbejdsmarkedspolitik – før, nu og i fremtiden. In M.P. Klindt, S. Rasmussen & H. Jørgensen (Eds.), *Aktiv arbejdsmarkedspolitik. Etablering, udvikling og fremtid* [Active Labor Market Policy: Establishment, Development and Future] (pp. 13–48). Djøf Forlag.
- Krug, G. & Stephan, G. (2016). Private and public placement services for hard-to-place unemployed: Results from a randomized field experiment. *ILR Review*, 69(2): 471–500. <https://doi.org/10.1177/0019793915615334>
- Larsen, F. & Wright, S. (2014). Interpreting the marketisation of employment services in Great Britain and Denmark. *Journal of European Social Policy*, 24(5): 455–469. <https://doi.org/10.1177/0958928714543903>
- Larsen, F. & Caswell, D. (2022). Co-creation in an era of welfare conditionality – Lessons from Denmark. *Journal of Social Policy*, 51(1): 58–76. <https://doi.org/10.1017/S0047279420000665>
- Laun, L. & Thoursie, P. S. (2014). Does privatisation of vocational rehabilitation improve labour market opportunities? Evidence from a field experiment in Sweden. *Journal of Health Economics*, 34, 59–72. <https://doi.org/10.1016/j.jhealeco.2013.12.002>
- Lundin, M., Sibbmark, K., & Söderström, M. (2024). *Rusta och matcha. Vad händer hos privata leverantörer av arbetsmarknadsinsatser?* [Prepare and Match. What is happening with private providers of labor market services?]. Uppsala, IFAU.
- Lødemel, I., & Trickey, H. (2001). A new contract for social assistance. In I. Lødemel & H. Trickey (Eds.), 'An offer you can't refuse'. *Workfare in international perspective* (pp. 1–39). Policy Press.
- McGann, M. (2021). 'Double activation': Workfare meets marketisation. *Administration*, 69(2): 19–42. <https://doi.org/10.2478/admin-2021-0012>

- Nord, T. & Bengtsson, M. (2022). Reformeringen av Arbetsförmedlingen: Det nya arbetsmarknadspolitiska experimentet i marknadstänkandets tidevarv. [The reform of the Swedish Public Employment Service: The new labor market policy experiment in an era of market-oriented thinking]. *Arbetsmarknad & Arbetsliv*, 28(2): 73–90. <https://journals.lub.lu.se/aoa/article/view/23566>
- OECD (2023). *Organisation of employment services at the local level in Sweden*. Paris, OECD.
- O'Halloran, D., Farnworth, L., & Thomacos, N. (2021). Australian unemployed workers' experiences of being parked and creamed by employment providers. *Australian Journal of Social Issues*, 56(4): 596–611. <https://doi.org/10.1002/ajs4.131>
- Olofsdotter, G., Giritli Nygren, K., Bergström, G., Bolin, M., Klockmo, C., Nyhlén, S., et al. (2024). Study protocol: Local labour market programs—institutional structures, organizational forms and lived experiences. *PLoS One*, 19(1): 1–20. <https://doi.org/10.1371/journal.pone.0296242>
- Peck, J. (2003). The rise of the workfare state. *Kurswechsel*, 3: 75–87.
- Pontusson, J. (1990). Conditions of labor-party dominance: Sweden and Britain compared. In T.J. Pempel (Ed.), *Uncommon democracies: The one-party dominant regimes* (pp. 58–82). Cornell University Press.
- Prop. 2012/13:94. *Jobbstimulans inom det ekonomiska biståndet*. [Work incentive within social assistance]. Stockholm, Socialdepartementet.
- Prop. 2025/26:207. *Aktivitetskrav för mottagare av försörjningsstöd*. [Activity requirements for recipients of social assistance]. Stockholm, Socialdepartementet.
- Qvist, M. (2016). Activation reform and inter-agency co-operation – Local consequences of mixed modes of governance in Sweden. *Social Policy & Administration*, 50(1): 19–38. <https://doi.org/10.1111/spol.12124>
- Ryner, J. M. (2002). *Capitalist restructuring, globalisation and the third way*. Routledge.
- SALAR (2022a). *Kommunala perspektiv på arbetsmarknadspolitiken 2022*. [Municipal perspectives on labor market policy 2022]. Stockholm, SKR.
- SALAR (2022b). *Kommungruppsindelning*. [Municipal grouping]. Stockholm, SKR.
- SALAR (2024). *Erfarenheter från fyra år med Arbetsförmedlingens leverantörer. Från bidrag till jobb – underlag till regeringens aktivitetskravsreform – del 2*. [Experiences from four years with the Public Employment Service's providers. From benefits to jobs – background material for the government's activity requirements reform – Part 2]. Stockholm, SKR.
- Scarano, G. (2025). Outcome-based contracting and gaming practices in marketised public employment services. Dilemmas from the Italian case. *Journal of Social Policy*, 54(1): 160–178. <https://doi.org/10.1017/S0047279422001003>
- SFS (2015:502). *Förordning (2015:502) om viss samverkan om unga och nyanlända*. [Ordinance (2015:502) on certain cooperation concerning young people and newly arrived immigrants].
- SFS (2022:811). *Förordning (2022:811) med instruktion för Arbetsförmedlingen*. [Ordinance (2022:811) containing instructions for the Public Employment Service].
- Sivesind, K.H., & Trætteberg, H.S. (2017). Does out-contracting of welfare services promote active citizenship? In K.H. Sivesind & J. Saglie (Eds.), *Promoting active citizenship. Markets and choice in Scandinavian welfare* (pp. 1–32). Palgrave Macmillan.
- Socialdemokraterna, Miljöpartiet, Centerpartiet & Liberalerna (2019). *Januariavtalet* [The January Agreement].
- SOU 2020:41. *Kommuner som utförare av tjänster åt Arbetsförmedlingen – en analys av de rättsliga förutsättningarna*. [Municipalities as providers of services for the Public Employment Service – an analysis of the legal conditions]. Stockholm, Arbetsmarknadsdepartementet.

- Sowula, J., Gehrig, F., Scruggs, L.A., Seeleib-Kaiser, M. & Ramalho Tafoya, G. (2024). The end of welfare states as we know them? A multidimensional perspective. *Social Policy & Administration*, 58(5): 785–799. <https://doi.org/10.1111/spol.12990>
- Starke, M. & Hollertz, K. (2022). Theoretical underpinnings of active labour market programmes implemented by municipal and non-governmental organisations in Sweden. *European Journal of Social Work*, 26(5): 788–802. <https://doi.org/10.1080/13691457.2022.2063809>
- Steinmo, S. (2013). Governing as an engineering problem: The political economy of Swedish success. In A. Schaefer & W. Streeck (Eds.), *Politics in the age of austerity* (pp. 84–108). Polity Press.
- Strauss, A. & Corbin, J. (1990). *Basics of qualitative research*. Sage.
- Streeck, W. (2017). A new regime. The consolidation state. In D. King & P. Le Galès (Eds.), *Reconfiguring European states in crisis* (pp. 139–157). Oxford Scholarship Online.
- Uddäck, H. (2024). Ansvarsförskjutningar inom arbetsmarknadspolitiken. Exempel från två mindre kommuner. [Shifts in responsibility within labor market policy. Examples from two smaller municipalities]. In M. Flisbäck, T. Nord & J. Uddling (Eds.), *Välfärdssamhällets omvandling i praktiken. Om ansvarsförskjutningar och samverkans gränser* [The transformation of the welfare society in practice. On shifts in responsibility and the limits of collaboration] (pp. 56–80). Nordic Academic Press.
- Ulmestig, R. (2024). Knowledge claims on municipalities in the Swedish labor market policy. *Nordic Journal of Working Life Studies*, 14(3): 87–105. <https://doi.org/10.18291/njwls.146335>
- Unionen (2026). *Arbetsförmedlingens lokala reträtt: Halverad närvaro och fördubblade avstånd* [The Public Employment Service's local retreat: Halved presence and doubled distances]. Stockholm: Unionen.
- Van Berkel, R., De Graaf, W. & Sirovátká, T. (2012). Governance of the activation policies in Europe. Introduction. *International Journal of Sociology and Social Policy*, 32(5/6): 260–272. <https://doi.org/10.1108/01443331211236943>
- Wallinder, Y. & Seing, I. (2022). When the client becomes her own caseworker: Dislocation of responsibility through digital self-support in the Swedish Public Employment Service. *Sozialer Fortschritt*, 71(6–7): 405–423. <https://doi.org/10.3790/sfo.71.6-7.405v2>
- Wikström, E. & Ahnlund, P. (2018). Making refugees work? Individualized work strategies in the Swedish refugee settlement program. *Nordic Journal of Working Life Studies*, 8(S4): 47–65. <https://doi.org/10.18291/njwls.v8iS4.111157>

## Notes

- <sup>1</sup> Approximately three times as many participants came to be included in *Prepare and Match* than in the provider service it replaced (SALAR 2024).
- <sup>2</sup> The catalyst for this reinforced dual labor market policy system was the economic recession in the early 1990s, where unemployment in Sweden rose to levels not experienced since the Great Depression of the 1930s. Like many OECD countries, extensive welfare reforms were made (Krug & Stephan 2016). Due to increased expenses on social assistance, municipal activation measures were increasingly implemented. With the expansion of ‘workfare’ (Lødemel & Trickey 2001; Peck 2003), unemployed who were not offered state employment measures (and ineligible for the unemployment insurance scheme) could be obliged to participate in municipal activation schemes to qualify for financial assistance (Prop. 2012/13:94).



- <sup>3</sup> The Act on Financial Coordination of Rehabilitation Measures (Finsam) enables the PES, the Social Insurance Agency, municipalities, and regions to collaborate financially through coordination associations.
- <sup>4</sup> According to a 2022 survey to Swedish municipalities, ‘fewer than one in five municipalities (17%) [state] that the PES’s local presence is sufficient for providing jobseekers in the municipality necessary support’ (SALAR 2022a: 6, our translation).
- <sup>5</sup> Jessop talks about ‘Ricardian Workfare Post-national States’ where de-regulation of finance and forces of hypermobile capital leads to ‘an enduring *austerity state*’, expressed by re-commodification of social welfare and a downward pressure on wages and the social wage (Jessop 2022: 115, italics in original).