

The Developing Trajectory of the Marketization of Public Employment Services in Denmark – A New Way Forward or the End of Marketization?

Karen N. Breidahl

University of Aalborg

Flemming Larsen

University of Aalborg

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Abstract

This article addresses the market for employment services. It adopts a dynamic perspective on welfare markets and demonstrates how the institutional design of quasi-markets in the Danish Public Employment service has been promoted, altered, and re-regulated over a period of 10 years. It was in 2002 when quasi-markets have been created by using the instrument of contracting-out employment services to private providers. Seen from the perspective of policymakers at the national level, contracting-out is attractive as it has a buffering function and allows adapting the amount of the public financed employment services comparatively easy to changing needs resulting from changing labor market conditions. However, contracting-out makes accountability to public goods more difficult as the chain of accountability is stretched or may even be broken. Against the background of accountability scandals, which have revealed the poor quality of privately provided services, the market design was re-modeled again by replacing standardized national tendering with a decentralized, partnership-based and dialogue-oriented approach, where services are developed in joint efforts between purchaser and provider. All in all, the

development of quasi-markets in the Danish Public Employment system can be described as a partial reversal from marketization. Paradoxically, elements of network governance, which were abolished initially, have been introduced again.

Keywords: *Employment services, marketization, quasi-markets, contracting-out, accountability, network governance*

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