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Larsen, Flemming; Caswell, Dorte

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## Title page

### **Dorte Caswell & Flemming Larsen: Co-creation in an era of welfare conditionality - Lessons from Denmark**

Professor, Flemming Larsen  
Aalborg University  
Fibigerstraede 1  
9220 Aalborg  
Denmark  
flemlar@dps.aau.dk

Associate Professor, Dorte Caswell  
Aalborg University  
Frederikskaj 10B  
2450 Copenhagen SV  
caswell@socsci.aau.dk

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# Co-creation in an era of welfare conditionality - Lessons from Denmark

## 1. Introduction

The debate about welfare conditionality is polarised and the positions are highly ideological. On the one hand, there is the position that passive social security systems create welfare dependency among benefit claimants. This could take the form of morally unacceptable free-rider problems created by the existence of the social security system itself, as argued by Murray (1984; 1990), or by the way the systems are designed which comes to defeat otherwise willing potential workers (Mead, 1992). Over the past two decades, these concerns have highly influenced social security and employment policies across the world, resulting in the introduction and enforcement of conditionality and mandatory activation (Knotz, 2019). This has been most prominent in the Anglo-Saxon countries, but also in Scandinavia and beyond. As pointed out by Molander and Torsvik (2015), this position is generally legitimated by arguments of efficiency, justice, paternalism and sustainability. Hence, the advocates of welfare conditionality see it as the most efficient instrument for bringing people back to work (or off benefits). It prevents the morally unacceptable behaviour of free riders, it enforces the rule of law and it is (as Mead, 1992, argues) a well-intentioned kind of paternalism. Finally, it also secures the sustainability of and support for the welfare state.

On the other hand, is the position of scholars who criticise the use of welfare conditionality in social and employment policies. The critique is diverse. From a macro-level, it is labelled as an example of ‘a new neoliberal political regime that retains strategies of consent towards corporations and upper classes but is authoritarian and coercive towards those experiencing poverty’ (Fletcher and Wright, 2018: 325; Wacquant, 2014). Another critique is directed towards the inherent understanding of the individual benefit claimants as rational economic agents, which can be quite different from the experienced lives and behaviour of the citizens (Wright, 2016). However, besides such generic critique much attention has been drawn to the possible mismatch between welfare conditionality as the primary instrument in employment support and the very heterogeneous group of benefit claimants (Caswell *et al.*, 2015; Van Berkel *et al.*, 2017). The lack of recognition of the various types of incentives and needs of the citizens tends to make the approach of conditionality and sanctions too generalised and poorly calibrated to change the life path of especially the most vulnerable citizens. Hence, if many of the citizens targeted with conditionality and mandatory activation are not able to meet the responsibilities of them, it creates poverty and marginalisation rather than improving their employment chances. Stigmatisation can also be a consequence of a homogenous categorisation of citizens. The combination of society’s shaming of the poor, claiming benefits and unapproved behaviour promotes a social distance between ‘them’ and ‘us’, which may negatively affect the citizens’ self-image (Lister, 2004; Wright, 2016). Finally, it has been noted that welfare treats citizens as passive welfare objects and therefore underestimates their agency. This agency can be directed at resisting, coping with or escaping the benefit system. Wright (2016) uses

the distinction between seeing welfare subjects as ‘becomers’ rather than ‘beings’ to illustrate how citizens are perceived within the welfare conditionality approach.

In other words, there seems to be several possible shortcomings in fulfilling the promises of welfare conditionality in the social and employment policies, especially when applied to the group of vulnerable people, such as people who have problems besides unemployment, e.g. social, physical or mental health problems. In one of the strictest regimes of welfare conditionality, the UK, these shortcomings have been studied and documented intensively, for instance, in the welfare conditionality research project carried out in cooperation between six UK universities ([www.welfareconditionality.ac.uk](http://www.welfareconditionality.ac.uk)). Probably due to the dominant position of workfare and welfare conditionality in reforms of social security systems, this critical strand of literature is preoccupied with documenting the shortcomings of the harsh Anglo-Saxon welfare conditionality. Less attention has been paid to defining alternative strategies, although the above-mentioned research project does recommend the provision of more personalised employment support (Welfare Conditionality Project, Final Findings Report: 5), but without further specifying how this can be developed and implemented. In this article, we address the search for ‘how to’ in the attempt to develop alternative social and employment services, as a possible response to the shortcomings of welfare conditionality as the predominant approach.

When discussing an alternative that can address the aforementioned problems inherent in the conditionality approach, the arguments behind conditionality regarding legitimate democratic concerns about fraud and free-rider problems can hardly be disregarded. Along with this is also the rule of law and part of the paternalistic argument regarding the need for some kind of motivational pressure to initiate changes that can improve the life of the citizens. Thus, conditionality will most likely remain a part of the system for many years to come. However, more and more documentation suggest that a high level of conditionality in practice limits the possibility of creating social and employment services that are efficient, fair, responsive and respectful of the citizens (to use the moral dimensions inherent in the implementation of welfare services, listed by Zacka, 2018). The main problem appears to be that it is only efficient for citizens who can respond to economic incentives. This creates problems regarding fairness as the most vulnerable citizens are left behind. It is not responsive towards the target group as a whole, as they are treated as a homogeneous group. This is problematic since we see a growing diversity amongst citizens targeted with active labour market policy (Van Berkel *et al.*, 2017). Finally, it is difficult to claim that the most vulnerable citizens are met with respect if stigmatisation is inherent in the process.

A promising alternative is to rebalance welfare conditionality with making the citizen part of the design and deliverance of social and employment services. Co-production and co-creation are sometimes seen as interchangeable concepts (Gebauer, Johnson and Engquist, 2010). However, in this context we find it fruitful to use the distinction made by Osborne (2018: 225): ‘Co-production assumes a process where the public service organisation is dominant and where the logic is linear and based upon product-dominant conceptions of production, while co-creation assumes an interactive and dynamic relationship where value is created at the nexus of interaction’.

Co-production thus affiliates with service reform and innovation, while co-creation more explicitly links to the creation of value in public services. The latter is an important amendment as this indicates that service reform and innovation may be necessary components, but the citizens are the ones creating the value of the public services while the public organisations only facilitate this process. ‘The citizens do this by integrating the service offering of the organisations with their needs, personal abilities and experiences, and their societal context’ (Osborne 2018: 229). Hence, co-production and co-creation are assessed with different evaluation criteria – whether services include user-involvement and the value the citizen derives from these services) – but they are not necessarily contradictory. One could argue that co-production and the attempt to promote user-involvement in services may be a necessary component for co-creation, although it does not necessarily lead to co-creation. In this article, our understanding of balancing conditionality with user involvement comes very close to the definition of co-creation made by Osborne, but without disregarding the value of co-production for achieving this.

The research question we pose in this article is therefore *how can welfare conditionality be balanced with co-creation?*

This raises several questions: Are conditionality and co-creation contradictory elements? Can such employment services be legitimated in relation to efficiency and fairness? Can the public welfare agencies, which are organised according to standardised services, be transformed to become more responsive and user involving? Are the frontline workers capable of delivering meaningful and responsive services while being held accountable for preventing fraud and free riding? Can the citizens change their perspective on services if they are approached with trust and active participation? Is it possible to move towards co-creation where citizens work with professionals to design, create and deliver services? Can the surrounding non-public actors, especially the employers, become responsible and active parts of such a type of services?

These critical questions will be analysed below by looking at local experiments with co-created services made in Denmark during 2016-2019. These experiments reveal some of the preconditions, potentials and pitfalls for moving towards co-creation in a system where welfare conditionality is inherent.

## **2. The theoretical approach**

Our theoretical point of departure deviates somewhat from a typical approach when analysing how a political intention (in this case co-creation balanced with welfare conditionality) can be designed and implemented. Firstly, we build on the strand of literature on employment policies that stresses the importance of an interdisciplinary approach, focusing on the interdependency between policy and governance in particular, or to use the distinction made by Van Berkel and Borghi (2007), formal policy reforms and operational reforms (see also Larsen, 2013, and Larsen & Van Berkel, 2009). Hence, we analyse how policy and governance structure the conditions under which co-creation is implemented.

The premise for the analysis is that changes in governance affect policy and vice versa. In other words, we need to consider how formal policies are actually being delivered by the agencies and workers responsible for their implementation, or what Brodtkin (2007) calls the ‘missing middle’ in policy analysis. Secondly, we hereby acknowledge that frontline workers’ contribution shapes what the policies they implement look like in practice. This is especially relevant as balancing welfare conditionality with co-production or co-creation involves ambiguous, or contains conflicting problem definitions and goals, where policy delivery and frontline agency will become part of the arena where problems are defined, and solutions developed. This is part of the frontline workers’ job of delivering policies (Berkel *et al.* 2017). Thirdly, when focussing on the citizens’ interaction with the frontline worker and the conditions for this interaction, we especially focus on the organisational and occupational aspects in relation to the frontline work and the actual meeting with the citizen (see the figure below). This has to do with our theoretical position in relation to frontline work and the ongoing dispute about what is most decisive for frontline action: structure or agency (see e.g. Winter and May, 2009). Without disregarding the influence of frontline workers’ individual characteristics, our point of departure is Lipsky’s seminal work on street-level bureaucracy theory (Lipsky, 1980/2010) and Brodtkin, who especially pays attention to the organisational condition in the sense that street-level bureaucrats in her view do not do what they want, they do what they can (Brodtkin 2013). Based upon this insight when focusing on potentials and dilemmas in co-creation, we build on the contextualised approach of activation frontline work from van Berkel *et al.* (2017). This model looks at four types of context in which frontline practices in delivering activation take place. Dilemmas and trade-offs in delivering frontline co-created employment services are in this model inherently linked to how the policy, governance, organisational and occupational contexts impact frontline practices. Developing co-created services is therefore not simply a matter of making policy decisions on paper. It is even more about, how it is possible to realise these in practice under the facilitation or constraints of these contexts.

### **3. Methodology and data**

The analysis in this article builds on a project funded by Innovation Denmark with six Danish municipalities taking part (the LISES-project: Local Innovation in Social- and Employment Services). The participating municipalities attempt to incorporate more co-creation in the employment services for vulnerable unemployed. As in other countries, the Danish employment services have been heavily criticised for being too bureaucratic, rigid and standardised and insufficiently responsive towards people’s needs, especially in relation to the vulnerable group of unemployed (see definition above). Furthermore, the success of getting this group of vulnerable people into employment has been limited during the last decade. In light of this, the purpose of the project is to create new innovative solutions that can promote co-creation and responsiveness. Some overall governance conditions changed in the same period, which gave the municipalities more autonomy to design services independently, which again made room for innovation of services. However, municipalities are still quite restricted by central

regulation, which is why introducing co-creation in services is in itself a huge turnaround for these organisations. It requires changes to make this happen on all levels going from policy design, governance logic, organisational set-up, frontline practices, citizens' participation, etc. The project is a mutual innovation project between researchers and practitioners with the purpose of finding ways to further co-creation and identify barriers to this development. Engaging the practice-field as co-producers of knowledge in this way creates a less hierarchical relation between science and practice. The level of trust in this interaction has helped researchers access all parts of the municipal employment services – from job centre manager to the individual citizen – thereby making it possible to shed light on processes and connections that researchers would otherwise seldom see. This privileged access to the inner workings of six job centres has made it possible to study the dilemmas and trade-offs when making co-creation part of the services. We are thus dealing with a quite atypical research project, although it still involves more traditional data collection, and this article relies on comprehensive data. Besides ethnographic observations in the jobcentres, including shadowing, interviews and informal talks with managers and staff, the data consist of recorded and transcribed observations of 101 meetings between frontline workers and citizens, 55 learning platforms in the organisation (see below), meetings with the employers at company sites and observations of team-meetings, managers' meetings, etc. Furthermore, interviews have been conducted with 31 citizens.

A core element of this project has been mutual learning platforms (Andersen *et al.*). The learning platform centres around a specific issue related to creating more co-produced services (policy design, integrated services, the meeting with citizens, the involvement of the citizen, the organisational ability to offer the right services, etc.). Two to four researchers and around six practitioners (managers or frontline workers) participate in each of these learning platforms. We have, as mentioned above, conducted 55 of these in the six municipalities, which have all been recorded and transcribed. At these platforms, tentative research findings have been discussed to acquire a better understanding and interpretation of them. Instead of a typical one-way relation, where the researcher passes on knowledge to practitioners, who may or may not find this knowledge useful, the relation in these learning platforms is reciprocal because the practitioners help guide the attention of the researchers to the areas of greatest relevance.

Before the analysis, the next section briefly outlines the Danish case, including the welfare conditionality aspect and the opportunities for co-creation.

#### **4. The Danish case as an example of conditionality and co-creation**

When using the Danish case, we need to assess the general conditions for enhancing co-creation and to which extent this case is characterised by welfare conditionality. Since 2007, the Danish case has undergone a gradual municipalisation of the employment services and some more recent legislative elements have been launched that push for more co-production and co-creation (Andersen *et al.*, 2017). It is, however, important to note that when we find it relevant to analyse the proliferation of co-creation

in Denmark, it is also closely related to recent years' increasing municipal autonomy in designing and implementing employment services in Denmark, and that the local level so far has been most inspired by the new governance wave including co-creation. This makes it possible to conduct experiments and analysis of how and to what extent it is possible to advance co-creation in the employment services. However, despite more local autonomy, services still take place in the shadow of central government, both politically and administratively. Welfare conditionality is still a strong component of the employment services for the vulnerable citizens. This can be demonstrated by looking at how people on social assistance are sanctioned. Social assistance in the Danish context is the last-resort benefit. Citizens only qualify for this benefit if no other forms of provision or assets are available. Table 1 (below) illustrates how often the most vulnerable group of citizens in the Danish system are sanctioned.



**Table 1: Number of sanctions and share of unemployed sanctioned for people on social assistance from 2006-2019**

Year	Number of sanctions	Share of unemployed sanctioned in %
2006	40073	11.0
2007	33028	12.1
2008	54597	18.4
2009	90987	21.2
2010	137793	23.6
2011	140276	23.9
2012	134879	22.1
2013	134311	20.9
2014	41796	13.2
2015	42688	13.4
2016	43158	13.9
2017	41984	15.6
2018	42155	15.7
2019	37513	14.8

Source: Jobindsats.dk

Sanctions can be applied if the citizens do not turn up for a meeting or activation. This is constructed as a periodic sanction (until they turn up or do as requested). Another type of sanction is applied for non-compliant behaviour (not searching for a job as promised, ending a job, education or other activation without a valid reason, refusal of a work offer, etc.). This sanction consists of an immediate deduction from the benefit. Despite variation over the years, the figures, on the one hand, show that welfare conditionality certainly is applied, also in relation to vulnerable unemployed. On the other hand, in recent years, we have witnessed many municipalities trying to reorganise their services to become more co-producing and co-creating. The municipalities have been controlled and monitored very strictly from the central level since the municipalisation of the employment services in 2007/2009. In 2016, a budgetary reform gave the municipalities more freedom to design services, while at the same time increasing their economic responsibilities if they fail to move citizens out of unemployment within the first year. Thus, municipalities are pushed to develop new approaches, especially for the most expensive citizens, who also happen to be the most vulnerable people with complex problems in addition to unemployment. Faith in welfare conditionality as the dominant instrument has decreased in recent years, but there is still legislative demand and motivational aspects that keep conditionality part of the services. However, the local challenge is how this can be balanced with services that to a much higher extent take their departure in the actual needs and preconditions of the citizens. How this has evolved will be analysed in the

following from the street-level perspective and the analytical contextual approach with data from the innovation project.

## **5. Dilemmas and potentials for co-creation in Danish municipalities**

Following our theoretical perspective, we begin our analysis by looking at how citizens receive and participate in the services from a street-level perspective. What have we learnt about co-creation from analysing the comprehensive ethnographic data?

### **5.1. Co-creation in relation to the user's perspective**

Our interviews with users, which have mainly taken place outside the jobcentre, in libraries, cafés or the citizen's home, demonstrated a huge heterogeneity among the group of vulnerable unemployed. The life stories and problems besides unemployment vary greatly, as do the attitudes to engaging with the 'system'. Hence, we recognise the different agency perspectives defined by Lister (2004) of citizens trying 'getting by' or 'getting out' or creating resistance by 'getting back at' or 'getting organised'. A more general observation from the interviews, also having the methodological constraints of getting preferred answers in mind, was that most of the citizens expressed a desire to get into employment as part of a wish for a 'more normal life'. At the same time, their expectations for actually achieving this were often very low. Analysing interviews we found that many citizens had difficulties understanding the information from and action taken by the municipalities, and especially how the different access points to the welfare services of the municipality fit together. This somehow turns things upside down, as it seems that the citizen's bureaucratic competencies and ability to translate personal experiences into bureaucratic categories (Dubois, 2010) become important for receiving the right help. Hence, co-creation is hampered by a system with procedures that are frequently made according to organisational needs rather than the citizen's needs – by standardised solutions that do not fit the citizens' heterogeneity in relation to problems and attitudes and by citizens who quietly dream of employment, but have neither expectations of achieving this nor the courage to express such dreams openly.

However, in our interviews the citizens clearly express their perspective and dreams (or barriers to these), which makes the idea of using their agency as a driver for services plausible, although this would require building a relationship of mutual trust for such active citizens' participation to take place. This is not an easy thing, especially as the relation between the frontline worker and the unemployed is embedded in an asymmetric power relation. In this sense, there are obvious dilemmas and trade-offs when designing and implementing co-creation in a system based upon welfare conditionality (Monrad, 2019). Firstly, the citizen's participation is not voluntary, and the citizen must actively be part of the measures decided upon to receive benefits. The citizen therefore has no option to exit without being sanctioned, which challenges the usual idea of co-creation. Secondly, the aim of the employment services is defined beforehand as employment, increased employability or clarification of the capacity to work. This limits the citizen's

opportunities for setting the agenda for selecting the type of service. Hence, not all aims and solutions are legitimate to work with. However, in relation to vulnerable citizens services often have a broader focus than just employment. Often the path towards employment needs to take its departure in the improvement of the citizen's life coping skills. This perspective increases the citizen's opportunity to participate in defining intermediate aims and measures, as opposed to narrowly targeted employment. For citizens without any goals, with nothing they want to develop, with goals that are considered unrealistic by the frontline worker or goals that are contradictory to employment (for example being a homemaker) co-creation becomes a challenge, but even co-production can be difficult to achieve. The requirement to assess the citizen's work capacity and documenting this sufficiently means that some citizens are expected to participate in services that improve neither their employability nor life coping skills. Some services mainly work to clarify the work capacity. Some citizens experience the repeated processes to clarify work capacity as derailed and meaningless, as these do not get them any closer to employment. This can be a hindrance to co-creation. Thirdly, the citizens have no formal decision power or control of resources, even if they have a right to be involved. The involvement of citizens is therefore dependent on the negotiation of goals and measures in their meetings and talks with frontline workers.

The above dilemmas illustrate some of the challenges of developing co-creation in systems with welfare conditionality. However, when analysing the implementation of employment services in the Danish municipalities we find that some degree of co-creation as part of the decision-making processes is possible if trust is established between the frontline worker and the citizen. This does not only depend on the relationship, but also on the conditions surrounding the interaction. Our interviews show that important factors for trust building include frontline workers having decision power as well as good opportunities for continuity and predictability in services and activation offers. This also involves accessibility to the frontline worker (limited caseloads), relevant and accessible services and offers targeting the vulnerable group. We found that citizens' positive experiences create trust and thus virtuous or vicious circles can be created among the group of citizens. In addition to this, support and back up from management is necessary to enable co-creation. Also, if frontline workers themselves are not involved in decision making or if they are steered by organisational goals not associated with co-creation, this tends to hinder participation from users as well. The preconditions for co-creation in employment services (with welfare conditionality) outlined above illustrate some of the many challenges in both the design and implementation of a co-creation approach. We will return to important organisational and political issues in relation to this. First, however, we will turn our attention to a central feature of the street-level perspective: the citizen's meeting with the frontline worker.

## **5.2. Co-creation through meetings and talk**

The meeting and the talk between the frontline worker and the citizens are essential to co-creation. It is here conditionality and co-creation are to be balanced in real life. In our observations of more than 100

talks, we have seen this dilemma unfold repeatedly when a frontline worker needs to communicate the requirements of activation-targeted employment in a situation where the citizen expresses a marginal and limited employment perspective. An important aspect of co-creation is therefore how the institutional requirements and framework, the identification of the citizen's needs, as well as the informing, the involving and the motivation of the citizen unfold in the talks. Talks play a crucial role in involving the user and co-creation in talks is essentially about how this is done through communication. One concept developed in collaboration between researchers and frontline workers in our study is that of 'catching' the citizen's initiative. When we analyse recorded talks between frontline workers and citizens, we often see a communicative pattern in the conversation, where the citizen formulates something that is meaningful to her/him in relation to the service. Sometimes the professionals catch this, but often these turns are missed or followed by a turn from the frontline worker about what is meaningful from an institutional perspective. This makes co-creation very difficult, which is why this becomes highly dependent on the frontline worker's communicative ability to catch the initiative and wishes of the citizen concerning employment. This is, however, not an easy task since often the citizen's specific perspective on employment opportunities is formulated in a careful, implicit and hesitant way (Caswell, 2019). In other words, it requires much attention from the frontline workers to catch the citizens' agency in these conversations. Furthermore, what is institutionally meaningful (for example, to ensure that obligations and the consequences of breaching them are known to the citizen) occupies much of the talks. This can overshadow what the citizen communicates as meaningful to him or her.

This further makes communicative upskilling of staff a central component of making co-creation possible. Enhancing co-creation appears to be associated with processes of jointly professional reflections that can qualify talks, which entail collegial feedback (co-vision) based on micro-sociological analysis of talks (Caswell, 2019). Part of the context for communicative upskilling is the way frontline workers view possibilities and limitations when giving feedback to each other. The municipalities in our sample working most intensively with co-creation have made this an important priority, and they work closely together with experts in conversation analysis to upskill their staff. As such, it relates to the occupational context (Berkel *et al.* 2017).

In observations of meetings in the municipalities, we found that conversation patterns are of immense importance for the decisions made, equally if and how the citizen actively contributes to this. Paying attention to how such conversation patterns typically unfold along with the frontline workers themselves therefore seems to be an important precondition for recognising the citizen's needs. Curiosity towards conversation and turn-taking can therefore contribute to co-creation in the employment services and further pave the way for increasing the value experienced by the citizen essential to co-creation.

### **5.3. Integrated services across sectors, organisational units and expertise**

The relevance of analysing integrated services became obvious after an analysis of the trajectory of vulnerable citizens who, against all odds, had moved into employment (Danneris and Caswell, 2019). The idea for this analysis developed from a learning platform with frontline workers. The majority of vulnerable unemployed do not exit to employment. Occasionally, however, frontline workers experience citizens who deviate from this pattern and manage to gain employment or enter education. One surprising common trait is that these citizens explain their success of getting out of the system with the support they received to find their way in, around and out of the system. Hence, ‘system help’ cracks the code for them to get the assistance and guidance they need across departments and organisational units within the municipal organisation. This illustrates the crucial role of integrated services for co-creation.

The group of people receiving employment services has changed over the years, with a more and more optimistic approach to getting even the most vulnerable groups into employment. Previously, lack of employment was the main and sometimes only problem for the citizens. Now, however, they tend to have much more diverse and complex issues, unemployment being merely one of these. This creates the necessity for working across organisational and professional divides in order to address the issues of the citizens. Mitigating or overcoming the diverse problems of the citizens often involve a range of professionals, from social services, mental health, the family department and other welfare services. This promotes the need for coordination and integration between different parts of the welfare state. On top of these divides, a number of crucial interfaces between employment services and other welfare services enable or limit the possibility for delivering integrated services for citizens with complex problems besides unemployment. Viewed from the perspective of the citizen, there are numerous examples of the course of action in employment services being experienced as disconnected, incoherent and without meaning. Citizens report a feeling of ‘having to start over’ and the frequent change of frontline workers or move between organisational units enhance this experience (Danneris & Caswell, 2019). Recent research has indicated that a change of caseworker in itself has a negative effect on the citizen’s chance of gaining employment (Rosholm *et al.*, 2017). While having a new caseworker can be necessary and preferable in some instances, some of these shifts have a negative impact on the possible progression of the citizen. Some citizen trajectories are sensitive to change and a positive development in areas of, for instance, mental health or substance abuse can suffer damage if the organisational coordination causes problematic shifts in the relational work.

One major obstacle to organising services according to citizens’ rather than organisational needs is the still strong presence of New Public Management and thereby the governance context (Berkel *et al.*, 2017). The critique of NPM, and scholars proposing or predicting this overtaken by New Public Governance, has been directed at the creation of fragmentation and organisational silos partly due to the performance measurements, but also the need for specialised units (Osbourne, 2006; Torfing and Triantafillou, 2013). Several good reasons for performance measures exist, but it is often a challenge to create relevant and sufficient links between what is being measured and what is defined as the core professional task in order to help citizens towards labour market integration. Hence, our analysis of both

observational and interview data shows that co-created services challenge the predominant governance forms in public services.

A number of Danish municipalities experiment with developing more integrated services and better coordination within the employment services, especially in the match between employment/work placement and the citizen's needs. One way of doing this is ensuring that professionals with in-depth knowledge of local labour market options are involved in cases across the municipality. Another attempt to develop this is gathering a number of functions with one frontline worker. These frontline workers deal with fewer cases, but their area of work is broader and includes traditional casework, mentoring, job consultancy work, etc. This poses a challenge to the competencies of the professional, as they need to have a wide variety of skills. Hence, the occupational context is also important for developing integrated services to make co-creation possible.

An additional element of cross-sector cooperation related to genuine co-creation concerns the employers. When the ultimate goal for vulnerable unemployed citizens is to participate in the labour market, there is a need to focus on the possibility for developing the necessary qualifications of the citizen and on the actual possibilities within the labour market. Collaboration with employers and the surrounding society is thus an essential part of employment services. As such, companies are both means and ends in themselves to the employment services (Van Berkel and Aa, 2014).

The transition from 'train then place' to 'place then train' and the inspiration from IPS and supported employment have become, like in many other countries, the predominant approach in Denmark. However, our analysis points to an obvious challenge: how is transition from work placements to real jobs with wage possible? Several factors come into play in this transition. Firstly, work placements are often seen as a way to develop employability and readiness for the labour market. However, employability is not abstract for the more vulnerable group, but rather created in a specific context. It is linked to the actual workplace and the relations built between the unemployed citizens and the people in a given workplace (co-workers and managers). As such, the developed employability cannot simply be converted to a different context. Thus, opportunities and wishes need to be addressed in a contextually specific way. It is a recurrent theme in our observations and interviews that citizens express their disappointment with not being able to progress from a work placement to a real job with the same employer. Secondly, the role of companies and employers is essential to address. We have seen a significantly increased volume of work placements. Citizens receive their benefit while the company is financially reimbursed. This often creates a culture in which the companies become used to expecting a certain level of financial reimbursement for their role in employment services, without offering the citizens real work after finishing their work placement. Interviews with citizens document that it can be very demotivating if the option of being offered a job at the end of a work placement is non-existent (Danneris and Caswell, 2019). Therefore, if co-creation is going to take place by using job placements as the primary instrument, there is a need to create engagement and commitment from the employers' side to offer real jobs (limited hours, part or full time) at the end of a successful work placement. The

municipalities actively work to change this behaviour, which also points to the need to reskill their job consultants, making them capable of providing services and negotiating with employers in a different way. Not only do the professionals need to engage with employers, they also need to ensure the right match between unemployed and workplace. Thus, they need to have in-depth knowledge about the needs, wishes and qualifications of the citizen. This poses a challenge to the organisation. Who are the professionals with the right skills to handle the group of vulnerable unemployed? Should professionals have skills and knowledge of local labour market structure and demands or is there a need for professionals with social work skills and knowledge regarding citizens' problems? There are probably no simple answers to these questions, but they point to the importance of coordination and collaboration between different types of professionals within employment services and beyond.

As this section about integrated services has demonstrated, it will be challenging to make integrated services that can support co-creation without the necessary overall policy and organisational strategies. In the last section of the analysis, we will address this issue.

#### **5.4. Policy and organisational strategies**

For many years, the employment services in the six Danish municipalities have been organised according to centrally decided guidelines and economic incentives, with standardised services as the result. The organisational focus has therefore been on the implementation and operation of services rather than the organisational ability to meet citizens' needs. This was the background for the innovation project – how to transform these organisations (still under a conditionality regime) to become more innovative and responsive. It quickly became obvious that balancing conditionality and co-created services requires the street-level organisation to work towards this goal on all levels, which points to the necessity for political and organisational strategies where co-creation is a central component. At the same time, employment-service management must coordinate and communicate with the overall municipal management and the political level in order to ensure the legitimacy of the stronger focus on co-created services. In the Danish context, the municipalities are autonomous political entities, but not least within the field of active labour market policy, they are tied to strong political and financial steering from central government level. A continuous flow of benchmark comparisons between municipalities using the strong Danish register data is used as an essential tool to influence the municipalities to move in the politically preferred direction.

It is therefore an inevitable requirement that if municipalities wish to invest in balancing conditionality with more co-produced or even co-created services steps must be taken to make this legitimate. It is possible to ensure services that are more responsive and respectful towards citizens through co-creation, but the most convincing argument for ensuring the legitimacy of such services is (still) documentation for the efficiency of this approach and possibly limiting public spending. Especially the politicians look at the cost-efficiency of co-created services. One possibility is moving away from the traditional way of documenting effects by solely measuring the number of citizens moving from benefits to employment or

becoming financially self-supporting. In our study, we have seen a development towards measuring the total financial benefits (across welfare sectors) following that vulnerable citizens gradually become integrated in the labour market. This includes documenting how it affects the municipal economy as a whole. These citizens are typically very expensive for the municipality as the complexity of their problems means they receive support from services beyond the employment services. Developing ways of measuring this goes beyond the simple ‘on benefits – off benefits’ measure and thus seems to be an important way for the Danish municipalities to legitimise co-created services. This mirrors the point made by Flemig & Osborne about the ‘crucial importance of monitoring the processes of co-creation in order to evidence its success’ (Flemig & Osborne, 2019: 685). Another way to create legitimacy is to develop ways to document how the citizens themselves experience the services delivered by the municipal job centres. Some of the municipalities participating in the innovation project have developed longitudinal analyses on client journeys in the welfare organisation or development in citizens’ complaints over time.

Developing organisational and managerial solutions that concur with the re-orientation towards co-creation challenges the knowledge production within the organisation. Therefore, the municipalities try to create new ways of evaluating and understanding the performance of frontline workers within the organisation. Traditionally, the employment services have been oriented towards a goal-steering logic. The focus has been on measuring activity and methods, such as timeliness, frequency of meetings with citizens and the number of work placements. These types of performance measures challenge the development of responsive and more co-created approaches. Not solely citizens have been made active within the traditional employment services. As argued by Van Berkel, both citizens, street-level bureaucrats and street-level organisations have been targeted by activation policies, making this a case of triple-activation (Van Berkel, 2013). A changed approach in balancing welfare conditionality with co-creation therefore also entails a move away from frontline workers being measured up against each other in a professional climate based on competition, focusing on who is performing better (than each other) when it comes to number of work placements or ability to meet with citizens within defined timeframes. An alternative to this is a professional climate of mutual supervision and coping, which entails frontline workers working together in order to lift the professional quality of the services delivered. This includes opening up the professional space when it comes to meetings with citizens. Welfare services and social work are primarily delivered through talk in interaction between frontline workers and citizens (see above). As such, reflection on professional practice can take place in a collaborative organisational context. Our data indicate that a collaborative organisational climate makes a positive difference in relation to the ability to develop more co-produced services and pave the way for co-creation.

Management and organisational aspects are therefore crucial if the ambition is to transform employment services into balancing conditionality with a more co-produced and citizen-oriented approach, which can further establish the basis for co-creation. As such, co-creation depends on changes within employment services in all contexts (Van Berkel *et al.*, 2017).



## 6. Conclusion

The article began by asking how welfare conditionality can be balanced with co-creation. Drawing on our empirical analysis of Danish municipalities that especially work towards more co-creation, we have analysed such processes and shown how these give rise to several dilemmas and trade-offs.

We have argued that a street-level perspective is helpful when analysing how employment services can move in the direction of co-creation. By using data from studies of six Danish municipalities, we accordingly started out analysing the nature of the citizen's involvement in the employment services in a system with welfare conditionality. The main dilemma, probably not surprisingly given the nature of conditionality, appears to be that access to income and services is sometimes conditioned by citizens' participation in activities that they may find meaningless. In addition, the overall goal of the services, 'becoming employed', is defined in advance which limits the citizens' options for defining their own preferences and citizens rarely have any formal decision power or control of resources. Hence, there is a lot of ground for distrust between the system and the citizen and severe obstacles for genuine co-creation.

However, our study of the six Danish municipalities trying to incorporate co-creation in such an environment of conditionality shows that it is possible to move services considerably in this direction. The leeway for doing this is by opening up the meeting with citizens for genuine negotiation of which actions to take and by acknowledging that the citizens' own knowledge and preferences are of immense importance for a successful outcome. Our study shows that this requires simultaneous and interrelated actions in various contexts (Van Berkel *et al.*, 2017). Firstly, the frontline worker needs decision power when meeting the citizen, continuity and predictability in services, good opportunities for relational continuity, relevant and accessible services, as well as offers targeted at the vulnerable group (in order to make negotiation possible). Secondly, the frontline workers need the necessary skills for making user-involvement happen, not least when communicating with citizens. As argued throughout the article, realising this depends on interrelated changes of political and organisational strategies (and the creation of legitimacy for such a change), management strategies, services across welfare service sectors, departments and units (making more integrated services) and the cooperation with the surrounding society, especially by making the employers responsible and active partners.

In our study, we have demonstrated that street-level practices are structured by policy, governance, organisational and occupational contexts, which is why simultaneous changes must take place on all levels when welfare conditionality is balanced with more co-produced and co-created employment services. The article further demonstrates that we may need to reconsider the common understanding of welfare-conditionality (and the inherent focus on work) as being incompatible with co-creation. Our case demonstrates that some extent of conditionality, focus on employment and co-creation can take place if the employment services are developed to embrace this.



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