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RESEARCH ARTICLE

Public service supply chain management: A study of Australian employment services

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Abstract

To continuously improve public service provision has been a stated goal of governments worldwide. Despite the increasing popularity of systems approaches to analysing public service delivery, research into the topic from a supply chain management (SCM) perspective, while acknowledged for its potential contribution to improving public service delivery, remains underdeveloped. This study, utilising a service SCM model as an analytic framework, explores how the performance of public services can be traced back to the effectiveness of service providers' management of their supply chains. As evidenced by data collected via interviews and observations of best-performing agencies under Australia's fourth iteration of its welfare-to-work reform, *jobactive*, SCM practices such as effective management of customers' demands, flexible service capacity/workforce, and strong internal collaboration proved to have positive impacts on services delivered to jobseekers as end-users. Inefficiencies in the management of relationships with suppliers and flows of finance and information, on the other hand, were found to impede the creation of value for jobseekers. Contributions to the field of public man-

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agement aside, our study provides an illustration of how to deploy the SCM approach for the purpose of optimising public service delivery when multiple suppliers are engaged.

KEYWORDS

Australia, employment services, jobactive, supply chain, welfare-to-work

Points for practitioners

- Underpinning any welfare provision, there exists a supply chain, whether it is consciously managed or not. Insights into public service provision in a quasi-market from an SCM perspective remain underdeveloped.
- A public service supply chain is characterised by added complexity due to customer multiplicity and co-production from end-users, the management of which impacts service delivery.
- An analysis of a public service supply chain from the contracted private providers' perspective sheds light on whether and how they successfully adapt SCM practices to manage the service delivery network to ensure effectiveness. This lays the foundation for further improvements, both in policymaking and implementation.

1 | INTRODUCTION

Over the past 30 years, many Organisation for Economic Co-operation and Development (OECD) countries have embraced 'active labour market policies' in their search to contain the rising 'welfare bill' and deal with a range of social and demographic changes that adversely impact employment opportunities (Mead, 1986). Central to these reforms are activation policies targeting both jobseekers and service providers, hence termed 'double activation' (Considine et al., 2015). Informed by Mead's (1986) controversial deficit model of welfare recipients which argues that jobseekers become demotivated to work while on benefits, jobseekers are subsequently subjected to stronger forms of conditionality (i.e. compulsory work like Work-for-the-Dole, training activities) that attach to unemployment benefits, also known as mutual obligations. While specific mutual obligations differ from program to program, how they are enforced is consistent: Failure to comply with welfare conditionality without reasonable grounds results in sanctions, including the reduction or withdrawal of benefits.

This ‘activation turn’ (Bonoli, 2010) toward ‘work-first’, that is to get jobseekers searching for work and motivated to accept offers of work, contrasts with human capital development models that emphasise training or search for a longer time in order to find a better job (Theodore & Peck, 2001). Moreover, it casts employment service providers as ‘the “engineers” of advanced liberalism’ to the extent that they become tasked with converting welfare recipients from passive claimants into active jobseekers (McDonald & Marston, 2005, p. 381). Furthermore, providers themselves have become subject to behavioural incentives aimed at enhancing the targeting, effectiveness, and efficiency of welfare-to-work delivery (Considine, Nguyen, et al., 2018).

Adopting the mantra of ‘steering, not rowing’, governments have frequently resorted to a series of New Public Management (NPM) instruments, such as contracting out and competitive tendering and performance management (Pollitt, 2001), in an effort to encourage providers to ‘innovate and to deliver more responsive services’ (McGann, 2021, p. 34). More specifically, the government purchaser now engages with and selects private service providers via competitive tendering. With outcome-based payments, the government purchaser does not prescribe a practice model but affords providers some degree of flexibility, provided outcomes are achieved. This is often referred to as a ‘black box’ contracting model (Considine, 2022). Compared with monopolistic public provision, the introduction of such NPM-driven instruments purportedly brings increased efficiency, improved service quality, greater responsiveness, a wider range of consumer choice, greater equity of access, enhanced accountability, and diversity and increased innovation (Andrews & Van de Walle, 2013; Considine, 2022; Davidson, 2011; Sturgess, 2011). The changes at the frontline and their associations with the reform/program outcomes have therefore attracted attention of various scholars from different perspective—for instance, discretionary powers of street-level bureaucrats (McDonald & Marston, 2006; Silburn & Becker, 2009), frontline governance modes (Lewis et al., 2021), frontline staff’s work-first attitudes (Boockmann et al., 2014; Lagerström, 2011), employer engagement (Ingold, 2018), and program outcomes (Considine & O’Sullivan, 2015; Considine et al., 2014; O’Sullivan et al., 2021).

Common across these studies is the finding that jobseekers and providers do not respond to activation incentives as theorised (Considine, Nguyen, et al., 2018; Considine, O’Sullivan, et al., 2018; McGann et al., 2020). Also, a persistent and arguably deepening challenge remains in effectively supporting those most distant from the labour market into sustained employment. The search for *what works and what doesn’t* is therefore critical if employment services for highly disadvantaged jobseekers are to be improved. As argued by Considine (2022), this requires going back to the frontline to re-explore the whole service as an end-to-end model. Taking up this approach, this study investigates the perennial problem of under-performing provision of employment services to the harder-to-help jobseekers *at the frontline* and *from a system approach*, by specifically drawing on *service supply chain management (SCM)* theory.

Embracing a systems view, *SCM* emphasises how value creation arises from the synchronisation of the system of actors (organisations, individuals), resources, activities, and technology involved in the provision of a service or a product (Mentzer et al., 2001). Characterised as an ego network perspective, *SCM* essentially has the actor who is primarily responsible for service delivery as its centre, while positioning all other involved actors as tiers of suppliers and customers in their relationship with the focal one (Bordoloi, 2023; Gronroos, 2007; Lusch, 2011; Verleye et al., 2017). Moreover, service end-users are incorporated as an actor—or, put differently, as a co-producer—in the service delivery network (Bordoloi, 2023). As reflected in these models’ principles and processes, to meet end-users’ demand/requirements is no longer a linear process which primarily flows from providers to customers—it now instead involves interactive processes where providers and customers exchange inputs which are to be incorporated into service provision,

until the customer demand is met. This service SCM logic is aligned with recent trends in public governance towards co-production and co-creation which sees service end-users' inputs integral to service provision (Osborne et al., 2016), hence further confirming service SCM's relevance as an analytical framework for public services.

The study is situated within the context of Australia's welfare-to-work reforms, of which there have been five distinct iterations since the mid-1990s: Working Nation (1994–1996), Job Network (1998–2009), Job Services Australia (2009–2015), *jobactive* (2015–2022), and Workforce Australia (2022–present). Despite having been one among a handful of countries at the vanguard of NPM-inspired 'work-first' model (Caswell et al., 2017) and the use of quasi-market implementation structures, the Australian system is not exempt from the perennial challenge to deliver results for jobseekers with complex needs. Statistically, since 2010, the employment rate among these clients has been well below half that of clients in the less disadvantaged service stream (Department of Jobs & Small Business, 2018). This study focuses on the *jobactive iteration of the system*, which preceded the current program, *Workforce Australia*. Under *Workforce Australia*, the provision of services for highly disadvantaged jobseekers still rests on the same key principles as *jobactive*, including face-to-face delivery, contracting out, and outcome-based funding. The findings from this study will inform the implementation of Workforce Australia and programs of a similar design elsewhere.

The remainder of the paper is structured into four sections. In Section 2, we conceptualise an employment services supply chain, with contracted providers as focal actors, under *jobactive*. Using Ellram et al.'s (2004) service supply chain framework, this section also sheds light on supply chain actors' roles in co-producing the services. This is then followed by an outline of the study's methodology before the findings are reported and discussed.

2 | CONCEPTUALISING EMPLOYMENT SERVICES SUPPLY CHAIN UNDER *jobactive*

Jobseekers are *service end-users* or *ultimate customers* in an employment service supply chain. Under *jobactive*, providers were contracted to deliver a range of employment services, for example training, work-experience activities, job search, and job matching. In return, they were paid partly for activities provided (e.g. they can use Employment Fund¹ to pay for additional support services from registered training organisations, psychologists, and other third parties), although 70% of their total possible payments were outcome based and contingent on their success in placing jobseekers into employment (DESE, 2021). These outcome payments were paid when jobseekers sustained employment for 4, 12, or 26 weeks, and they also varied according to jobseekers' duration of unemployment and assessed degree of labour market disadvantage, as indicated by their service 'stream' (A, B, or C) following an initial assessment when registering for income support. Those in Stream C, the focus of this study, were seen as having the most significant barriers to employment and attracted the highest outcome payment rates (Table 1).

Achieving employment outcomes is dependent upon the extent to which jobseekers' barriers to employment are effectively addressed as a result of their engagement with employment services. In Lovelock's (2011) words, employment services 'act upon' jobseekers' inputs—their barriers to employment, the outcome of which would be jobseekers' changes, desirably improved employability, and job placements. Providers, therefore, must firstly secure jobseekers' inputs and subsequently ensure services they provide are tailored to jobseekers' needs and circumstances.

TABLE 1 Outcome payments under *jobactive* by jobseeker streams (DESE, 2021).

Employment outcomes	Employment duration	Stream A	Stream B	Stream C
Unemployed <24 months	4-week period	431.20	808.50	1078.00
	12-week period	539.00	1617.00	2156.00
	26-week period	700.70	2048.20	2695.00
Unemployed 25–59 months	4-week period	539.00	1078.00	1617.00
	12-week period	1018.00	2156.00	3234.00
	26-week period	1347.50	2695.00	4042.50
Unemployed 60+ months	4-week period	646.80	1347.50	2156.00
	12-week period	1347.50	2695.00	4312.00
	26-week period	1670.90	3395.70	5390.00

Inputs for jobseeker vary, ranging from their bodies when it comes to such non-vocational services as dental services; their belongings through providers purchasing clothing and advising them on how to dress to make them more presentable for interviews; their information with job applications and reverse marketing; and their minds as in case of various activities aiming to upskill jobseekers or supporting their reemployment (e.g. training courses, mental health and rehabilitation services) (Lovelock, 2011). Of note is that some jobseeker inputs are easier to secure and act upon than others. For instance, while a dental service can be successfully completed as long as the jobseeker's physical presence is secured, a jobseeker who is persistently preoccupied during a training session—due to, for example, their anxieties about personal circumstances they are experiencing—does not contribute the relevant input, that is their minds, into the service provision and, consequently, will not be any wiser at the end than at the beginning, that is a service failure.

Jobseekers, as demonstrated, are not only a service user. They also co-produce the services, which without their inputs cannot happen. Under *jobactive*, providers can be innovative in the way they engage clients, provided placement outcomes are generated—the key rationale underpinning the outcome-based payment mechanism. They can also secure jobseekers' re-engagement by triggering sanctions when jobseekers do not attend appointments or activities, the very logic behind 'mutual obligations'.

Jobseekers do not pay for employment services themselves. The government instead purchases services on their behalf, which essentially makes it another important 'customer' providers must respond to. The government purchaser is represented by (1) the Minister responsible for unemployment policies through the Department of Education, Skills and Employment (DESE)² and (2) Services Australia (SA)—the public agency responsible for administering welfare payments, penalties, and suspensions if jobseekers 'breach' their mutual obligations. The government purchaser assesses claimants' distance from employment, refers them to providers, and defines service outcomes, service-level agreements (SLAs), and key performance indicators (KPIs) to monitor providers' performance. The separation between jobseekers as service users and the government purchaser who assesses jobseekers' needs and subsequently defines and pays for services might introduce added complexity that providers, as focal organisations in this supply chain, face. What will providers do if there is a misalignment between jobseekers' actual needs and those as perceived and subsequently paid by the government purchaser?

Employers represent another important actor in this supply chain. They are *customers* with vacancies that providers support to fill. Employers, however, do not have to pay for providers' services. In many cases, they are even paid for their engagement with employment services, via wage subsidies. Employers, therefore, can also be seen as *suppliers* of opportunities for jobseekers. They can also 'co-produce' the services through the practice of job carving to improve outcomes for vulnerable clients (van der Aa & van Berkel, 2014). In this supply chain, we classify employers as customers, given that outcome payments account for more than half of providers' revenue and also in line with the increasing focus on demand stimulation as an initiative to improve system performance (Ingold & Stuart, 2015).

The management of a service provision, from an SCM perspective, starts with the management of interactions with customers, which, according to Ellram et al. (2004), involves two processes: Demand Management and Customer Relationship Management (CRM). Demand Management involves such tasks as demand forecasting, demand alteration, and control of demand irregularities (Akkermans & Voss, 2013) to ensure demand is met given providers' capacity management strategy (Baltacioglu et al., 2007). CRM describes the management and development of close and long-term relationships with customers via, for example, key customer identification and the acquisition and analysis of customer information to ensure a better understanding of their needs and hence their satisfaction (Boon-itt et al., 2015). These two interactive processes in *jobactive* services supply chain would naturally involve engagement of multiple customers: jobseekers as service end-users, the government purchaser, and employers.

To effectively meet identified customers' demands requires the synchronisation of all processes that constitute service provision. First, providers need to make sure they have sufficient capacity given customers' demand, a process known as Service Capacity and Skills Management. This process is about ways to ensure capacity and skills, for example staff availability, skills, and quality, in response to customer fluctuating demand (Baltacioglu et al., 2007). Given their service capacity level, providers may deliver all services themselves or outsource part of the service range, with externally provided training, housing, mental health, and rehabilitation services being prominent examples in this supply chain.

For in-house services, providers engage with the Service Delivery Management process that encompasses various complex activities, with mobilisation of internal workforces being a major one, to ensure services are delivered as agreed with the customers (Ellram et al., 2004). In case of outsourcing, this process involves identifying and ensuring suppliers fulfil SLAs (Giannakis, 2011). Suppliers engaged by providers constitute the so-called first tier of suppliers who could in turn sub-contract part of the provision to other providers, that is suppliers' suppliers or second-tier suppliers. This 'chain' of outsourcing can go on to include multiple tiers of suppliers; however, due to co-production inherent in services (Shah et al., 2025), jobseekers also interact directly with tiers of suppliers—or, put differently, they also co-produce suppliers' service provision—making this supply chain short and rarely extending beyond two tiers of suppliers (Sampson, 2000). In working with suppliers, providers deploy Supplier Relationship Management (SRM), a process that manages and develops close and long-term relationships with suppliers via, for example, identifying and qualifying suppliers, and selecting and monitoring their performance (Boon-itt et al., 2015).

Enabling the management of hitherto-discussed SCM processes are two other processes. Management of Cash Flows entails that providers manage the flow of funds in a timely and accurate manner (Ellram et al., 2004) via, for example, invoicing, payment handling, and fund transfers among supply chain partners (Shah et al., 2025). Information Management is about information

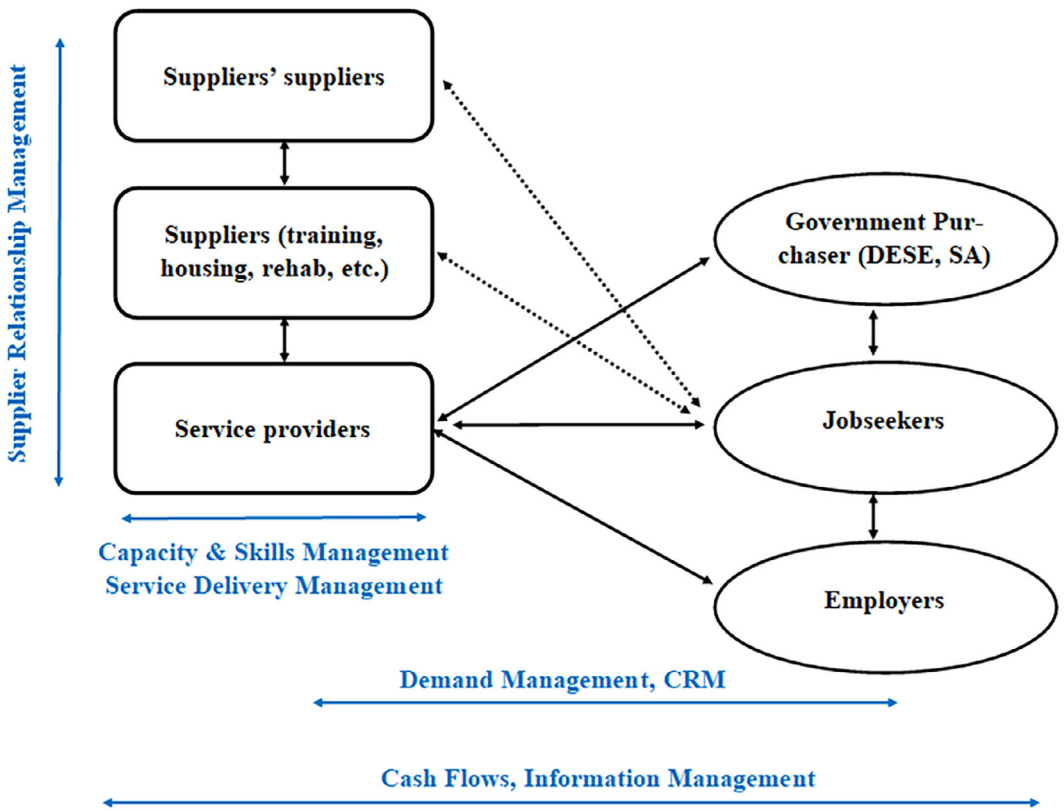


FIGURE 1 Employment services supply chain under *jobactive*. [Colour figure can be viewed at wileyonlinelibrary.com]

sharing, both internally and externally, which arguably involves the deployment of information technology (Boon-itt et al., 2015).

The discussion thus far can be visualised in Figure 1.

As shown, providers, as the chain lead, play a central role in managing this supply chain. Interactions among the supply chain members cluster around providers who coordinate the relationships and act as an interface between customers and tiers of suppliers. The dotted arrows connecting tiers of suppliers with jobseekers indicate direct interactions between themselves, despite the former having only contractual relationships with the chain lead providers (Baltacıoglu et al., 2007). This supply chain is managed via seven processes (highlighted in blue) with a focus on three interfaces: *customer-facing*—Demand Management and CRM; *contracted provider-centred*—Capacity and Skills, Delivery Service, Cash Flows, and Information Management; and *supplier-facing*—SRM.

The management of this supply chain is potentially faced with added complexity. First, the customer multiplicity (jobseekers, the government purchaser, employers) means providers must cater to multiple customers whose needs might diverge. Employers’ engagement, while potentially encouraged by wage subsidies, is also driven by market factors unnecessarily aligned with those underpinning public services. Furthermore, jobseekers’ direct interactions with suppliers and also the government purchaser and employers highlight the need for providers to manage these interactions, if their employment services are to be effective.

TABLE 2 Sample size.

	Case 1	Case 2	Case 3	Case 4	Total
Site observations	Two rounds/two observers	Same	Same	Same	16
Interviewees	7	4	6	3	20 (multiple interviews during 18-month fieldwork with all participants)

3 | METHODOLOGY

For the purpose of this study, we drew on in-depth case studies of four ‘high-performing’ *jobactive* providers for Stream C clients. Given the sector’s long-term under-performance in servicing these jobseekers, these four cases are arguably closest to where the industry is expected to be, thereby affording us the best opportunity to find evidence on practices that both contribute to or obstruct service provision. What works for these agencies represents the industry’s best practices, which can be duplicated with relevant adaptations to improve performance. What does not work for them potentially echoes challenges of a structural nature which are faced by the industry as a whole, thereby deserving the government purchaser’s attention.

Jobactive providers’ performance is assessed by Star Ratings that are heavily weighted in favour of 26-week-plus job placements (DESE, 2021). We were provided by DEWR with 29 of the highest performing local sites in Victoria and New South Wales, given their Star Ratings and performance in placing Stream C jobseekers into 26 weeks or more of employment during the first year of the *jobactive* contract. Utilising a ‘paradigmatic case’ selection approach, we selected four sites where their working with the long-term unemployed was highly likely to be observed (Flyvbjerg, 2006). To strengthen findings’ validity, we ensured each office was operated by a different provider of different ownership and located in a different region. Specifically, three were not-for-profit and one for-profit; three sites were located in metropolitan Victoria and one in regional New South Wales.

Data were collected via qualitative semi-structured interviews with managers and client-facing staff between late 2016 and mid-2018. We also conducted on-site observations with employment consultants (ECs), marketers, post-placement support officers (PPS), psychologists, counsellors, and site managers in their daily work, including their direct interactions with jobseekers, both in open office spaces and during appointments if consent was granted by jobseekers. The purpose was to capture how frontline staff go about their jobs, while simultaneously validating data collected in qualitative interviews, hence closing the gap between what people say (about what they do) and what they actually do (Brodtkin, 2017). To minimise the risk of observer effects (Jacobsson et al., 2020) during observational rounds, two observers constantly cross-checked their observations and confirmed with site staff via multiple rounds of interviews.

In total, multiple interviews with 20 different staff and 16 rounds of observations were conducted across the chosen cases (Table 2).

Coding was conducted by the two researchers with a strong background and rich experience in both service SCM and public management. The raw data were coded using NVivo into seven major themes aligned with Ellram et al.’s (2004) framework. To ensure clarity, findings on the processes are clustered around three interfaces: customer-facing, provider-centred, and supplier-facing.

4 | FINDINGS AND DISCUSSION

4.1 | Customer-facing processes—Demand management and CRM

Providers' decoding and meeting multiple customers' demand—jobseekers, the government purchaser, and employers—were challenged by added complexity and uncertainty due to multiple factors.

4.1.1 | Jobseekers

Jobseekers' demands, that is their employment barriers as inputs into service provision, are defined by their streams, that is A, B, and C. There, however, remained significant inaccuracy in this initial classification, meaning providers were faced with some uncertainty about jobseekers' barriers to employment that they were supposed to help address. First, the government purchaser's classifications were often 'fairly out of whack' (INT1), with the accuracy rate 'probably about 60 to 70%' (INT15). In almost all reported cases, jobseeker's allocated stream was found to underestimate their actual circumstances, leaving providers facing a dilemma. If they provide jobseekers with a level of service in line with their designated stream, jobseekers' barriers will not be effectively addressed, and placement outcomes and outcome payments will not follow. If consultants adjust the level of support to better reflect jobseekers' true barriers, they must then find additional funds to offset the increased costs associated with assisting the jobseeker.

In response, providers took measures to manage such uncertainty and simultaneously fix the 'tricky' financial situation they potentially face. Providers evidently actively sought to formally reclassify jobseekers, especially as being more difficult to place into employment (upstreaming). To that end, providers resorted to CRM to understand the actual complexity of individual jobseekers' needs, using multiple techniques despite the process of 'getting to "know" clients' potentially taking 'up to 6 months' (INT20). They sought to build trust and rapport with jobseekers early on to get them to feel comfortable enough to disclose their barriers to employment. In cases where this rapport was difficult to establish, jobseekers would be switched or swapped to different consultants they 'click' better with. They also sought support from psychologists and counsellors, who have additional expertise and skills to identify complex personal circumstances and needs that might affect jobseekers' employability.

The achieved deeper understanding of jobseekers' barriers via CRM also afforded consultants new insights to manage jobseekers' expectations, thereby pre-empting jobseekers' non-compliant behaviours—another widely captured source of uncertainty in jobseekers' demand (O'Sullivan et al., 2021). Consultants were found to ensure that jobseekers understood their mutual obligations and were practical about outcomes, for example the type of jobs, as a result of engagement with the program (INT13).

Let[ting] [jobseekers] understand what their journey is, what they have to do each and every time to be in receipt of benefits and what our strategy is going to be together to get them to where they are going (INT19).

We can look at that [a bigger career goal] but let's look at the survival stuff because you need money basically (INT16).

At several sites, consultants also did not shy away from using compliance tools—either to secure ‘inputs’ from non-compliant jobseekers or as an inverse CRM strategy intended to motivate difficult participants to exit the service. They would willingly impose sanctions to get participants to re-engage with them. Or when participants were suspected of ‘working cash in hand’ and already having undeclared employment, a strategy to get an outcome was to flush the disclosure out by making claimants’ life difficult. At one site, the approach was ‘to sort that out by booking him/her into random appointments at various times’ (Site 3 observations). This was hoped to either prompt claimants to declare their pre-existing employment, which providers could then claim an outcome for, or lead these difficult jobseekers to ‘go somewhere else’ because ‘they can’t handle it’ (INT13).

Faced with jobseekers’ uncertain demands due to misclassified barriers to employment and non-compliant behaviours, providers rightly sought to have their needs re-classified and also managed jobseeker’s expectations to secure their engagement. We, however, observed that providers’ practices did not always have jobseekers’ needs and benefits at the centre. Some consultants seemed focused on placing jobseekers into any jobs, without much consideration about jobseekers’ long-term career prospects.

4.1.2 | Government purchaser

The above-discussed mismatch between jobseekers’ actual needs and those as perceived by the government purchaser means that what is required of providers to effectively support jobseekers in reality is not properly captured by formal contracts or appropriately remunerated by outcome payment rates. The situation seemed worse given interviewees’ claims that the government’s expectations of placing Stream C clients into employment, as reflected in placement targets for this cohort, were unrealistic:

A lot of our Stream Cs are on drugs. The last thing on their mind is work. They probably can’t even remember coming into this appointment signing a Job Plan (INT15).

In this situation, it is near impossible for providers to secure jobseekers’ engagement no matter the quality of services, that is providers have almost no actual control over inputs from and subsequently influence whatsoever on employability of a certain group of jobseekers. This raises the question if providers could ever make the government purchaser satisfied or even the rationale underpinning the government’s commissioning approach. Setting unrealistic expectations can be seen as a strategy to reduce cost on the part of the government purchaser by transferring the financial risk of not being able to place Stream Cs into work to providers. It can even be used as a blame avoidance strategy: If long-term unemployed people are not being supported into work, it must be the fault of providers who are not fulfilling their promises under the contract, rather than the government’s fault for not providing better assistance (James et al., 2016).

Surprisingly (or not), providers’ responses to the government purchaser were mostly accommodating in nature. Sites evidently put great effort into decoding jobseekers’ needs and subsequently having them re-classified. Jobseekers’ streams, either original or re-classified, however, did not inform providers’ actual service provision (as further discussed). We therefore argue that by pushing back against the initial streaming classifications and negotiating for jobseekers’ re-classification mostly into a higher stream, providers were actually flagging the problem of unrealistic expectations—hence their potential problems of either being unpaid or facing unrecognised challenges in placing jobseekers. But that was as far as providers went in terms of ‘influencing’

the government purchaser while simultaneously trying their best, even sometimes at the expense of jobseekers' benefits, to function within the constraints (i.e. jobseekers' *perceived* needs and also other burdensome and time-consuming administrative requirements as further discussed below).

4.1.3 | Employers

To engage employers with *jobactive* proved not straightforward. First, Stream C clients were the most distant from the labour market, with complex barriers to employment, both vocational and non-vocational (e.g. substance dependency, mental health issues, criminal records, and housing insecurity), with which employers' needs might not align (Ingold, 2018). Also, the federal employment services programs 'don't have a good name in the market' (INT14), with 'industries having been bitten in the past and had a sour taste in their mouth' (INT19). Most sites consequently had dedicated marketers or business development consultants, either full-time or part-time, specialised in brokering job vacancies and working with employers. In sites without dedicated marketers, ECs were specifically given time in their jobs for sourcing job opportunities and reverse-marketing jobseekers to employers. Sometimes this took the form of a relatively low-intensity approach involving 'looking for jobs online and sending résumés to employers' (INT4), but there were also examples of consultants sourcing vacancies directly from local employers through in-person meetings and arranging introductions for their jobseekers to employers that they had relationships with.

Sites also resorted to different tactics when matching jobseekers with employers. They proactively negotiated position descriptions with employers to suit the cohorts they were servicing. With this job-carving practice, they aimed to modify employers' expectations while ensuring solutions worked both ways:

I go 'this guy's got this –can we adjust this? What you're actually looking for here is very hard to get, how about we do this... we might be able to get a fit for you that way' (INT18).

They did not shy away from using wage subsidies in order to get employers engaged. But consultants reportedly only justified their use of wage subsidies on the basis of fostering long-term relationships which would hopefully result in sustainable employment, repeat business, and opportunities to 'jump the queue' (INT10). To further consolidate relationships with employers, consultants ensured employers' satisfaction by being selective about jobseekers they put forward.

I don't want to start forcing people to do a job that they don't want. Otherwise, the employer is not going to be happy. It's just not going to last (INT4).

I also explained to [jobseeker]... unless she's going to give it 110% I was going to not put her forward... So [colleagues] actually went out to site to meet with the employer, to make sure that [jobseeker] would be suited for the job and... the atmosphere out there (INT21).

As evidenced, consultants prioritised jobseekers who can and are willing to work, ensuring effective interactions between employers and jobseekers and subsequently employment outcomes. This practice, however, echoes 'creaming' and 'parking' phenomena where agencies 'cherry pick'

clients by referring only those clients already close to meeting employers' expectations, while under-servicing the harder-to-help clients.

What emerges from our analysis so far is providers' practice of 'segmenting' or treating customers with differential importance. While taking time to decode jobseekers' individual needs, sites indeed utilised such in-depth knowledge to prioritise the government purchaser and employers over jobseekers. They mostly accommodated these two customers' needs, with the exception of gentle 'managing up' via jobseeker re-classification efforts and job-carving. Providers even engaged with practices that do not necessarily benefit jobseekers or sometimes even at the expense of jobseekers (e.g. offloading difficult clients, creaming and parking practices). The findings clearly point to the limited role of the government purchaser and employers as co-producers, as a result of the power imbalance among three customers providers service in this supply chain.

4.2 | Contracted provider-centred processes

4.2.1 | Capacity and skills management

Two key features were unearthed in providers' service capacity management. First, sites, via recruitment, took extra care to ensure a good match among staff competencies, job requirements, and their culture. To assist and place Stream C jobseekers was unanimously agreed to require a set of diverse, subtle skills (e.g. employment services knowledge, communication skills, work ethic, networking skills, a sense of humour, time management, business acumen). Workers from hospitality backgrounds were found to be preferred due to their ability 'to calm a situation a lot easier' (INT20), echoing the critical role of emotional labour in an EC's job that mostly deals with people (Nguyen & Velayutham, 2018). All four sites also provided local training for staff, ranging from compulsory activities provided by the government purchaser to those informal and without certification (e.g. customer engagement, employer engagement).

Second, measures were also put in place to allow for workforce flexibility and responsiveness. Consultants at all four sites had a variety of working patterns: full-time, part-time, and temporary. Positions that worked less with jobseekers, such as PPS officers, marketers, psychologists, counsellors, and trainers, were generally shared across multiple sites. Multitasking was also the norm with highly fluid workflows, which allow sites to flexibly respond to all three customers. If a jobseeker did not turn up, ECs immediately attended to paperwork 'backlog', PPS, or employer brokering. Staff kept one another informed, either verbally or via detailed notes on jobseeker files, letting one another know their whereabouts, willingly co-problem-solving even when jobseekers were not on their caseload. Managers at three sites did casework and were very active in employer engagement, allowing them to 'keep their feet on the ground' (INT4) and fill in for their staff, if needed. Such a workforce strategy proved to work. It allowed the team to effectively cope with heavy administrative requirements (as further discussed below) and unexpected jobseekers' inputs, without no task duplications observed.

4.2.2 | Service delivery management

All four sites reportedly practiced service tailoring, enabled by their gained deep knowledge about jobseekers, usually to a greater extent than they let on to them. Consultants claimed to 'treat [jobseekers] like individuals with individual barriers' (INT1). They tailored, for example, appointment

frequency, job search number, and plans to jobseekers' circumstances. Level of spending on jobseekers varies, which was enabled by sites' pooled resources. Consultants were observed to 'find wiggle room' (INT1) to help jobseekers, indicating a level of discretion sometimes beyond the government purchaser's prescriptions.

Sites' service tailoring was, however, found to be constrained by predominantly the contracting model and the program's contractual requirements. Specifically, while jobseekers were observed to be referred to different activities and services, arguably based on jobseekers' individual needs, these activities were observed to rarely fall outside the 'menus' of jobseekers' mutual obligations and Employment Fund categories. Such an 'accommodating' approach on one hand was reportedly essential for jobseekers to meet their mutual obligations and facilitate providers' justification for different kinds of expenses claimed against sites' Employment Fund on the other.

The way sites worked with jobseekers was also evidently strongly tied to 'getting placements'. As stated by INT8, 'the goal of getting them into work is always in the back of your mind', and 'all spending should lead to placements' (Site 1 observations), suggesting work-first attitudes among consultants, as expected, given *jobactive's* outcome-based payment mechanism (Considine, Nguyen, et al., 2018). Despite significant efforts to re-classify jobseekers, jobseekers' formal streams, even the re-classified ones, proved not to impact how jobseekers were actually serviced. Consultants instead were found to informally classify jobseekers into *active* (compliant and can work), *vulnerable* (compliant but not in a position to work), *gamers* (can work, but are non-compliant and don't want to work), and *hard cases* (not in a position to work, and non-compliant), and prioritised the active and gamers when it came to job-matching (O'Sullivan et al., 2019). Also, with the requirement of a certain percentage of brokered versus 'found-own employment' (FOE) no longer binding, consultants at most sites strongly encouraged jobseekers to actively find jobs themselves, using all possible avenues (e.g. cold calling and their own network like family, friends, and the community). This approach proved to generate a significant proportion of site placements, not to mention the FOE that sites managed to flush out as a strategy to manage behaviours of non-compliant jobseekers as discussed in Section 4.1.

The 'getting placements' mentality was reinforced by knowledgeable managers' close monitoring of performance, whose approaches ranged from 'not so full on' and 'relaxed' (INT20) until something went wrong, to 'running pretty tight ship' (INT11). Targets at both individual and site level were clearly defined, toward which progress was tracked on a daily basis and made visible to all on a 'performance board'. All managers 'know exactly what's going on' (INT15) and would intervene as needed.

Evidence so far indicates that sites' service range was primarily limited to those pre-determined and approved by the government purchaser. This practice essentially equates their success in improving jobseekers' employability to the mere completion of some of these activities, as long as placements are secured and retained at 4-, 12-, and 26-week milestones. Put differently, the extent to which jobseekers' diverse and complex needs/inputs informed the support they received was moulded by mostly the government purchaser's requirements, affirming our earlier observation of customers being of differential importance in the eyes of providers.

Further, providers' safeguarding of employment outcomes while justified, given *jobactive's* payment scheme was skewed toward employment outcomes, proved to foster practices that do not align with the citizen or public value (Considine, 2001, 2005; Considine, Nguyen, et al., 2018; Rees et al., 2014). Hardest-to-help jobseekers got parked, that is being under-served, while providers claiming FOE outcomes essentially means a form of system leakage, that is the government purchaser paid for outcomes with no or minimal work on the part of providers.

4.2.3 | Cash flows management

Providers managed two payment flows as part of their service provision: one to suppliers and one from the government purchaser. The management of the former was reportedly uncomplicated. To manage payment flows from the government purchaser, however, required sites' careful planning and substantial effort. To claim outcome payments was reportedly highly complex, both administratively (e.g. the amount of evidence required to verify claimable outcomes e.g. payslips, jobseekers' income reporting) and technically, that is the difficulty in navigating the process itself. Take payslips as an example, which were required as evidence for outcome payments in cases where jobseekers remained partially on welfare while in employment or where there were discrepancies between their earnings reported to Centrelink and the hours providers were aware they were working. Some jobseekers did not provide payslips, some under-reported, and some even did not declare, either intentionally or did not know how to do it. One small error could result in claims to be knocked back, the consequences of which include sites' performance rating not being properly reflected for that period and their credibility in the eyes of the government purchaser being depreciated.

All four sites, therefore, had dedicated roles to monitor and 'chase up' payslips and ensure the claim process (INT7). Also, the goal of collecting outcome evidence was embedded in consultants' daily work (Site 1 observation). Consultants, fully aware of how challenging the task could be, placed great emphasis on building trust and rapport with jobseekers and employers from the very beginning. This proved to work when a significant proportion of their clients voluntarily declared incomes when they got a job (INT 9, INT10, and INT11). We also observed that jobseekers were asked to sign a consent form allowing the consultants to contact their employers in the very initial appointment with sites. With this consent, consultants can get payslips directly from employers if the placements were brokered by them. As the last resort, consultants reportedly resorted to mutual obligations: 'getting them in and have a really good talk to them about the declaring bit' (INT20) or, as above-discussed, 'booking [jobseekers] into random appointments at various times' to 'flush out' payslips.

Inconveniences reportedly were avoided at all costs for both jobseekers and employers during this process. Care was taken to ensure that any requests from the sites would not constitute a reason for jobseekers to lose their job. Consultants also willingly provided any support when needed, even after work (INT7). The findings in this section again highlight providers' solid focus on safeguarding outcomes and outcome payments via investment dedicated to this management process and also having this goal embedded in SCM processes.

4.2.4 | Information management

Consultants' work was supported by the ESSWeb application provided by the government purchaser, the main platform, via which all communications and interactions among the government purchaser, jobseekers, and providers are conducted (Australian National Audit Office, 2022). Consultants also had access to their agencies' own intranets which 'have got everything on it that you [staff] would need' (INT21) (e.g. training, policy changes updating, tailored information for internal use) (INT5). An equally important source of information and knowledge for consultants was shared internally at site level and 'between the site and the head office' (INT20). All sites maintained daily and weekly team meetings/catch-ups, where staff brainstormed ideas and solved problems collectively. There were quite a lot of informal chit-chats and conversations among staff

during the day about work-related issues which were enabled by the high level of collegiality among staff (Site observations).

We, however, also observed providers' servicing of jobseekers being disrupted on multiple occasions due to the lack of effective communication with the government purchaser, especially when it came to administrative errors. Such problems typically ranged from a client who was on medical leave and could not work (INT9) or a full-time student who was still required to do full-time job search, to a jobseeker who did not get paid, who was incorrectly referred, whose mutual obligations did not show up, whose appointments were cancelled, or whose reporting of work and activity hours was not processed timely (which took weeks sometimes) (Site observations). Consequences for jobseekers could be serious, for example being forced to undertake mutual obligations when they do not have to, or will probably become exempt again soon, or, even worse, have their benefit payments suspended.

Despite the disruptions, site staff could not do much to rectify such problems on ESSWeb due to the information flow seemingly designed in a way that intentionally discouraged the direction from providers, either via the ESSWeb application or other available means. Consultants 'can't physically ring up and say "hey, what's happening with this client?"' because 'they [SA] just don't allow it' (INT9). So 'a simple thing turns into weeks of drama'. To speed up the process, in many cases, site staff were observed to ask jobseekers to go in the Centrelink office in person to get the mismatched information problem resolved (Site 3 observations). In a way, consultants transferred the burden to jobseekers, but seemingly more out of practicality rather than self-interest-driven reasons.

4.3 | Supplier-facing processes: SRM

All four sites outsourced both vocational (e.g. English language, soft skills, computer skills, aged care, literacy and numeracy classes) and non-vocational services (e.g. counselling, mental health, and housing services) (INT3). Some were paid from Employment Fund, while other government-funded services incur no costs to providers. Despite varying extents of outsourcing, sites' approaches to referring jobseekers are fairly similar for both groups of services. As for vocational services, each site was observed to keep a list of preferred providers that they seem to have long-term relationships with. Consultants just picked up the phone, speaking directly with providers when a jobseeker needed referring. Consultants reportedly were 'very selective in who I choose. Because the jobseeker has got to get something out of it' (INT5), with jobseekers' best interests in mind, given 'there were a lot of cowboys in the RTO sector'.

The consultants' role in cases of non-vocational services was mainly limited to triaging services, 'pointing [jobseekers] in the right direction' (INT17). The first port of call was their in-house counsellors and/or psychologists (INT10) who would work directly with jobseekers and refer them to other service providers, as needed (INT19). Consultants also referred clients directly to government-funded ones which can take time due to long waiting lists. So, in case of crises where jobseekers came in 'crying because they've been kicked out of home and they've got nowhere to stay' (INT11) or 'hungry' (INT13), consultants had to act quickly by referring jobseekers to directly to SA referral service (INT1) or 'use[ing] whatever [Google, Gumtree] is available at the time to help them' (INT8, INT11, INT13).

In all cases, consultants and even on-site specialists reportedly tended not to maintain long-term relationships with non-vocational suppliers. Their interactions with suppliers were usually brief and mostly ended once jobseekers had been referred and accepted. Limited following-up

with suppliers was present only in cases of 'clients that have complex barriers, it needs more of a holistic approach' (INT17). The distance between ECs and non-vocational suppliers, both in-house and outsourced, however, does not align with the strategic role they have in this supply chain (Shah et al., 2025). Non-vocational providers work directly with jobseekers to address their non-vocational barriers, the outcome of which is critical to successful and importantly sustainable employment and vice versa (Boland et al., 2024). This disconnect, from an SCM perspective, represents a supply chain breakage which would in turn limit consultants' and providers' understanding of jobseekers' needs and consequently service tailoring.

5 | CONCLUSION

The NPM-driven embrace of private sector models in public management over the last three decades has seen the increasing engagement of private providers in welfare provision across various fields (e.g. education, housing, employment, health). Despite multiple waves of reform, welfare-to-work across OECD countries still struggles to effectively support longer term unemployed jobseekers with complex needs into work. This study examined this perennial challenge in Australia's *jobactive* program (2015–2022), drawing on *service SCM*, a highly relevant, but largely hitherto-neglected, systems analytical framework for examining welfare-to-work provision in an NPM-driven quasi-market.

Drawing on in-depth analysis of four contracted providers under *jobactive*, the study was one of the first that conceptualised an employment services supply chain. This study visualises the network of organisations and individuals involved in the provision of employment services under *jobactive*. Providers, as focal organisations, engage a range of suppliers for the purpose of meeting the demands of three groups of customers: jobseekers as service users, the government purchaser, and employers. The conceptualisation of the supply chain also brings to the forefront the important roles of jobseekers, the government purchaser, and employers as co-producers of services, given their inputs being integral to the services.

Our examination of the supply chain focused on seven service SCM processes. We found that providers, by resorting to CRM, did a positive job in understanding customers' needs, especially those of jobseekers and their barriers to employment, and managed to build good relationships with all three customer types. They also deployed exemplary practices in shaping their workforce to ensure sufficient service capacity in meeting customers' needs. Evidence shows that their improved in-depth knowledge about customers informed their service delivery, while workforce flexibility and adaptability allowed them to function despite inefficiencies present in more than one process of the system.

Our analysis affords further insights into where and why providers' service provision deviated from the expected trajectory. Having to respond to multiple customers whose demands evidently did not align, providers were found to resolve such differences by prioritising the requirements of the government purchaser and employers over jobseekers—the service users. Despite at times going above and beyond in catering to jobseekers' needs, providers 'laser focused' on meeting the government purchaser's requirements (e.g. enforcement of mutual obligations, contractual requirements, placement outcomes, payment flows), while also ensuring employers' satisfaction. The extent to which the needs of jobseekers were incorporated into service provision was justified by their placement generation potential. Jobseekers, despite being service users, were to some extent seen as instrumental to providers in meeting the needs of the other two customers and, subsequently, in ensuring their outcome payments.

The overzealous focus on the government purchaser's and employers' needs, while aligned with the intention of *jobactive* outcome-based payment mechanism, was indeed found to lead to some practices that furthered the distance between providers and jobseekers. While the outcome-based payment mechanism was supposed to encourage providers' innovative service practices, we instead saw 'cherry picking' behaviours where providers 'creamed' those closest to the labour market and 'parked' those at the other end of the continuum. Providers maximised outcome payments by 'flushing out' FOE even when that meant 'mutual obligations' were activated in a way not necessarily aligned with jobseekers' benefits or service quality. These practices represent 'low hanging' fruit that providers 'picked' in response to the program's provider incentives (Considine, O'Sullivan, et al., 2018).

Our analysis also unearthed the significant shift of providers' already limited resources to administrative tasks due to inefficiencies inherent in the system. Providers' staff absorbed a lot of work which should be handled by Services Australia, including fixing administrative errors in jobseeker classification and information (e.g. ESSWeb errors). Providers ended up allocating significant resources (e.g. dedicated roles and consultants' time) to deal with the complex and time-consuming payment processes. Upstream the supply chain, despite heavily relying on outsourced services, these sites' interactions with suppliers were mostly transactional in case of vocational services and limited to referral only for non-vocational ones. Such a lack of close working relationships with suppliers, given the direct interactions between jobseekers and suppliers and co-production embedded in this supply chain, represents a 'supply chain breakage', which in turn limits providers' knowledge of and the extent to which services can be tailored to end-users' needs.

While affirming previous findings on some undesirable behaviours of providers (e.g. creaming and parking), this study affords deeper insights into the reasons underpinning such behaviours from a largely neglected view. By surfacing the tension faced by the providers due to customer multiplicity, the research raises the need to bring jobseekers, upon whose inputs employment services act, back into the centre of the service provision system. This can be achieved by addressing the power differential among three customers and ensuring jobseekers' needs and resources required to address their barriers to employment are better captured (via e.g. more accurate jobseeker classification or a balance between outcome-based payments and those for jobseekers' changes, or the distance they have travelled, following their engagement with services). Also, technical solutions to address inefficiencies in the information system (e.g. ESSWeb) and simplify payment processes would help eliminate wastes inherent in the current systems, and the re-claimed efficiency can be shifted back to jobseekers and the services themselves.

This study, via examining *jobactive* service provision through a new lens—*service SCM*, offers new insights into the sector's perennial challenge in effectively supporting longer term unemployed jobseekers with complex needs. Practical solutions to improve the provision aside, the new angle afforded by the study is arguably critical to future attempts to solve this sticky problem. On a broader level, the study adds *service SCM* to the repertoire of analytical frameworks for studying public service provision in NPM-driven quasi-markets, especially. This contribution is important given that NPM, despite the emergence of alternative frameworks, remains an influential paradigm in public administration (Ball, 2025).

The study is not without some limitations. While the total number of interviews met the suggested cutoff of 12 by Guest et al. (2020) for higher degrees of saturation, the sample size of four at the case level, despite affording us insightful understandings of how the way the employment service supply chain is managed contributes to providers' performance, is no doubt relatively small. Future research that investigates a larger number of cases to ensure saturation points are reached at both levels would help validate the research findings. Also, while *service SCM* is arguably a

relevant analytical framework for investigating the delivery of contracted-out public services, our analysis placed significant emphasis on the perspective of providers as focal organisations. This orientation, whilst allowing necessary insights into practices of providers who are ultimately responsible for the actual delivery of services at the frontline, gave more weight to or, more precisely, represents a bias toward the supply side of the supply chain. Future research that goes beyond supply-side measures, incorporating all involved actors' voices, especially jobseekers as service users, thereby affording a more balanced and nuanced reflection of the complexity of this service provision, is therefore also desirable.

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CONFLICT OF INTEREST STATEMENT

The authors declare no conflicts of interest.

DATA AVAILABILITY STATEMENT

The data that support the findings of this study are available on request from the corresponding author. The data are not publicly available due to privacy or ethical restrictions.

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ENDNOTES

¹A flexible pool of funds available to all jobactive providers to offer support tailored to the needs of participants, employers, and the local labour market' (Australian Government, 2021)

²The Department has since changed its name to Department of Employment and Workplace Relations.

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