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Job Creation in Innovative Relational Services. The Case of Services to Private Individuals
Job Creation in Innovative Relational Services.

The Case of Services to Private Individuals in Europe

Final Report

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INTRODUCTION/PRESENTATION

Research agenda

Are services to private individuals the latest metamorphosis of domestic service or one of the most promising ways forward for reducing mass unemployment?

Does the deficit in the European Union in jobs in services to private individuals explain the differential that exists between unemployment rates in Europe and the United States? Can jobs shed as a result of productivity gains in industry be “discharged” on to services to private individuals?

Do childcare services and care for the elderly constitute new social rights or is it a question of the commoditisation of services dependent on family solidarity?

Does the provision of these services by providers who are not generally part of the public sector represent a rise in the importance of forms of solidarity linked to the third sector or a dismantling of the Welfare State?

These are some of the key questions that today structure the public debate on services to private individuals.

Our research does not claim to provide an exhaustive response to these questions, nor does it cover the entire field of services to private individuals. We have in fact limited our fieldwork to care services for the elderly, childcare and social mediation (see below, regarding our reasons for this choice). To enlighten the public debate we shall structure our approach around the following theme:

There is a manifest demand in society for new services to private individuals. How does society propose to structure this sector and what means is society prepared to devote to it?

In what follows, we put forward and explain the main research questions which have steered our research.

A deficit in the sector of services to private individuals?

In 2000, the European Employment Strategy (EES) drew attention to the considerable discrepancy that exists between Europe and the United States in terms of services to private individuals. The Lisbon European Council stressed the need to “increase employment in the services, including personal services, a sector in which there are major shortages”.

The deficit highlighted applies in fact to the entire field of services to private individuals. This gap also applies to hotel and catering services, customer services in supermarkets and sports club employees. However, none of these activities associated with leisure and commerce will come within the scope of our study. The 3 sectors we study do, on their own, however, account for approximately 2/3 of services to private individuals. Their potential for growth is no less than that of the sector as a whole. In fact, the development of childcare services constitutes a prerequisite for occupational gender equality. The need for care services for the elderly is growing in line with increased life expectancy. However, public health studies show, happily, that the period of dependency does not get significantly
longer. People are living longer but these extra years are years spent in good health. Although demand is not increasing for medical reasons, there is an increased need for social and economic reasons: families are dispersing; retired people are enjoying a better quality of life; there is an increase in the number of elderly people in absolute and relative terms. As far as the need for social mediation is concerned, this has increased in line with the development of multiculturalism and of phenomena such as social segregation in the urban environment.

Increased social demand for social services: common challenges faced by the countries studied

All countries are seeking to address the increased demand for social services in the context of a ‘permanent’ financial crisis. Countries do so, however, in the context of different welfare mixes, different political and industrial relations traditions and, therefore, from different points of departure. There is not, therefore, a single "European model", but there are common directions of travel, as we will see.

There are then common challenges for European countries:

- An increased need/demand for childcare services as female labour participation rates grow;
- An increased need/demand for elder care due to demographic trends;
- Need for new services to meet new societal challenges;
- Raised expectations about the quality of service by customers/citizens;
- These different needs/demands for quality services should be met while containing cost.

The overall tension between the increased need for quality services and the financial constraint is certainly most important today.

A first source of these increasing needs for social services is of course the ageing of the population. As the report by the European Foundation for the Improvement of Living and Working Conditions states, “experts estimate that 70% of people aged over 70 years are unable to perform at least one or two daily routine activities without help. Consequently, there has been a paradigm shift in the culture of care for the elderly, which calls for universal accessibility and improved services resulting in a growing social care services market”.

In terms of the European average, the number of people aged over 65 is higher in Italy and Germany, average in Spain and below average in the United Kingdom and France (see table 1).

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Table 0.1. Share of the population over 65 years of age (% figures)

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<tbody>
<tr>
<td>EU-15</td>
<td>15.2</td>
<td>16.3</td>
<td>16.7</td>
<td>16.8</td>
<td>17.0</td>
</tr>
<tr>
<td>Germany</td>
<td>15.2</td>
<td>16.2</td>
<td>17.1</td>
<td>17.5</td>
<td>18.0</td>
</tr>
<tr>
<td>Spain</td>
<td>14.8</td>
<td>16.7</td>
<td>17.0</td>
<td>16.9</td>
<td>16.9</td>
</tr>
<tr>
<td>France</td>
<td>14.8</td>
<td>16.0</td>
<td>16.2</td>
<td>16.3</td>
<td>16.3</td>
</tr>
<tr>
<td>Italy</td>
<td>16.1</td>
<td>18.1</td>
<td>18.7</td>
<td>19.0</td>
<td>19.2</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>15.8</td>
<td>15.8</td>
<td>15.9</td>
<td>15.9</td>
<td>16.0</td>
</tr>
</tbody>
</table>

Source: Eurostat

Two problems arise with ageing. On the one hand, the active population will decrease, which will lead to considerable difficulties for the financing of social services. By 2030, it is forecast that the working age population in the EU25 could be 280 million workers, compared to 303 million today. On the other hand, the elderly population will keep on rising steadily, including the share of the “very elderly” which is putting pressure on governments. Between 2010 and 2030, the group of people aged 80 years and more will increase by 8 million, an increase by 44%.

Alongside these changes in employment and demography, different societal changes in the family structure are also adding new constraints. As the above-mentioned report by the European Foundation for the Improvement of Living and Working Conditions puts it:

Demographic changes in terms of an ageing population and increases in the number of ‘very elderly’, who are more likely to need social care, are accelerating in the EU. This combines with social factors such as changing family structures (including an increasing divorce rate) as well as the increasing mobility of families across the EU, and other structural transformations in the economy and labour market. Diminished traditional family care responsibilities reinforce these developments. These changes contribute to the growing demand for care services and the pressure on the sector as a whole. Future care services for the elderly and for those in need will be transformed by these new challenges.

Dependency care systems vary very much from one country to the other and depend on welfare traditions, even though the distinction between Beveridgian and Bismarckian welfare systems is not as clear-cut as after the Second World War, as more and more welfare systems have become mixed (Assous, Ralle, 2000). A common trend is, however, the increasing promotion of domiciliary care services to reduce the resort to costly long-term care treatments in institutions: a large part of the increased pressure on healthcare expenditure is imputable to the ageing of the population (European Commission, 2002). The growth of healthcare expenditure was curbed in the second half of the 1990s except in Italy, as shown in the table below. Only two countries in our sample, France and Germany, have a higher health expenditure than the European average. The expenditure of Spain is the

---


3 European Foundation for the Improvement of Living and Working Conditions, op. cit., p. 9.

4 This development may possibly be explained by the effect of the 1992 financial crisis in Italy.
lowest in the European Union, alongside, curiously, Luxembourg and Denmark. France has the highest healthcare expenditure in GDP terms in the EU.

### Table 0.2 – Health expenditure in % of GDP and evolution over the 1990s

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<tr>
<td>France</td>
<td>7.4</td>
<td>3.1</td>
<td>2.5</td>
</tr>
<tr>
<td>Germany</td>
<td>6.5</td>
<td>4.9</td>
<td>1.7</td>
</tr>
<tr>
<td>Italy</td>
<td>5.1</td>
<td>-1.3</td>
<td>2.3</td>
</tr>
<tr>
<td>Spain</td>
<td>4.7</td>
<td>4.4</td>
<td>2.6</td>
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<tr>
<td>UK</td>
<td>5.6</td>
<td>6.1</td>
<td>4.0</td>
</tr>
<tr>
<td>EU</td>
<td>6.0</td>
<td>3.4</td>
<td>2.8</td>
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Source: Own production based on European Commission 2002b. PPT= Purchasing Power terms.

Another key factor giving rise to relatively new needs for relational services is the dramatic increase in women’s participation to the formal labour market over the last decades, and the parallel change of family structures towards the nuclear family and even towards lone parent households. Here we are talking about integration into the formal labour market because we should not forget that previous generations of women were also working, in particular in rural areas in southern countries, in agricultural work or in the system of subcontracting in the textile industry, which was not statistically registered. In fact women were combining two lives, that of working woman and that of household carer, with very long working days, and also with the help of the extended family and neighbours.

The urbanisation of our societies has changed this and women are now engaging, more or less willingly, in the formal labour market. There are many reasons for this engagement in the formal labour market, among which:

- The increase in lone parent households;
- Women’s emancipation out of the patriarchal model;
- The fact that one source of income is not sufficient to cope with increased consumption;
- The fact that men have been hit by industrial restructuring and women have been forced to take on the role of breadwinner. However, we have to note that women are often the first ones to be hit by restructuring and that the rate of male employment (25 – 55) has always remained very high, as opposed to female employment.
- Recent changes in social policy aiming at “activating” social beneficiaries, that is coupling the benefit of a social insurance or assistance scheme with compulsion or incentives to return to the labour market.

The feminisation process of employment is a quite ambiguous one and our field surveys will provide additional information in this respect.

Of the five countries studied, France, Germany and the United Kingdom are the countries where the female employment rate is the highest and above the European average, although it still lags behind the Scandinavian countries. The rate is lower in the Mediterranean countries which have, however, been showing a rapid growth in female
employment during the last ten years (+57% in Spain between 1994 and 2004; + 28% in Italy during the same period).

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<th>Table 0.3. Female employment rates (% figures)</th>
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<tr>
<td>EU (15 countries)</td>
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<tr>
<td>Germany</td>
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<tr>
<td>Spain</td>
</tr>
<tr>
<td>France</td>
</tr>
<tr>
<td>Italy</td>
</tr>
<tr>
<td>United Kingdom</td>
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</tbody>
</table>

Source: Eurostat

Female participation in the labour market therefore affects care needs, for women were the traditional carers at home for dependent persons: babies and frail elderly persons. The demand for care services is by necessity higher as women go to work in the formal market labour. This does not preclude the issue of the double working day for a lot of them.

Another major driving force behind the increase in the demand for relational services is the general improvement in purchasing power and economic wealth in the various countries. This has boosted the demand for new services on the labour market. This should not be separated from the two socio-economic and demographic trends analysed so far, i.e. ageing and female participation in the official workforce. There are, of course, many other factors contributing to these changes which cannot be discussed here (see for instance our previous research report: Darmon et al., 2004).

The expansion of the services sector of the economy

A priori, the economies that are most heavily based on the services sector are fertile ground for the development of relational services. However, this must be seen as both a cause and an effect.

The United Kingdom, France and, to a lesser degree, Germany stand out as having a high tertiarisation rate, unlike Spain and Italy. This would suggest that needs must be far greater in the first group of countries. The development of the services economy can be associated with the development of female employment. In all European countries, a majority of service sector jobs are, generally speaking, filled by women. Thus a high level of tertiarisation implies a high level of outsourcing of domestic tasks, and therefore high levels of needs in relational services.
Table 0.4. Expansion of the services sector of the economy

(share of tertiary employment as a percentage of overall employment)

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<td>EU (15 countries)</td>
<td>67.7 %</td>
</tr>
<tr>
<td>Germany</td>
<td>65.2 %</td>
</tr>
<tr>
<td>Spain</td>
<td>62.9 %</td>
</tr>
<tr>
<td>France</td>
<td>70.5 %</td>
</tr>
<tr>
<td>Italy</td>
<td>63.2 %</td>
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<tr>
<td>United Kingdom</td>
<td>74.3 %</td>
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This "static" analysis of socio-economic factors shows that the volume of relational service requirements varies from one country to another. From a dynamic point of view, if we look at the evolution of these factors, we find parallel developments. However, the rate of change is different from one country to another: in the Mediterranean countries, the population is ageing faster and the employment rate is also rising faster. Social spending per inhabitant, which is an important indicator of the solvency of demand for services, is, however, lower in these countries than in the other countries studied.

Common challenges, but different points of departure

While the challenges can be said to be common to some extent, the countries under review have, however, different points of departure, and are more or less dependent on the development paths they have followed in terms of the welfare state and forms of social and economic regulation. Among the different starting points, one can in particular point to:

- Different welfare regime traditions
- Different funding regimes and mechanisms
- Different current macro-economic climate and labour market circumstances
- Different distribution of government power and responsibility
- Different traditional delivery channels
- Etc.

There has not been a process of convergence towards a single welfare model in the European countries. In the domain of care systems, each country has its own approach to financing and structuring of the market. Countries can, however, be more or less similar in some respects, which has lead to the definition of typologies of welfare models. As Rostgaard writes, “far from heading in one direction, each country seems to be developing its social services according to its particular tradition of welfare provision”5.

Given the increase in social needs and the economic constraint, welfare states in Europe have been under pressure and have had to experience different types of reforms. As we will

see, new nascent forms of governance and delivery of social solutions are emerging. Market principles are being embedded in the provision of social services, which allows for important evolutions of national social security models. But this intrusion of market and competition principles takes different forms from country to country – and within countries. This will be analysed and critically assessed at length in the report. As for the new governance principles which are being implemented in the different countries, we will see what changes they bring and assess the logic and principles on which they rely. The fact is, as we will see, that the State, at various levels, remains the dominant actor in these new modes of governance. Far from a retrenchment, as some might say, it is a re-composition of the role of the social state that is actually occurring. In particular, the State remains the paymaster of the extended welfare state and continues to exert control, creating a ‘market/control dual approach’. The analysis will look at the concrete modes of action of the different systems of organisation for social and care services: they are provided by a diverse range of organisations, both governmental and non-governmental, which act in partnership at a decentralised level (notwithstanding the fact that care remains something which may be primarily provided in an informal way, by family, relatives, friends, neighbours, etc.).

A common challenge, maybe the main one, is the prevailing tension, that we will document, between a sustainable demand for more, higher quality care and the reluctance of society to pay adequately for social services. The resulting deficit is increasingly shouldered by the workforce.

The evolution of social protection models

In focusing on three sectors of relational services (that we will present below), our research takes into account this evolution of “Welfare States”. We have, however, chosen to use the term “social protection models”, which is less controversial than “Welfare State” and is also the term chosen by the European Union.

In all European countries, social protection is based on at least three pillars: health, pensions and unemployment benefits. In certain countries it also covers child welfare via family benefit systems. In recent years two additional trends have developed: an individualisation of rights and the inclusion of two new “pillars”, one concerning young children, the other old age and dependency (Barbier et Théret 2004). Where child welfare is concerned, it is no longer simply a matter of providing families with financial assistance, but of enabling all women to reconcile their domestic and working lives. Only crèches providing quality care and open during the same hours as parents work – and in the first place mothers – can provide this qualitative leap that the European Employment Strategy regards as essential.

Nowadays, elder care means enabling the elderly to remain in their own homes as long as possible, regardless of their situation in terms of support from nearby relatives.

Lastly, the Lisbon Strategy presents the right to inclusion as a transverse right, that allows people to form part of society from their birth to their death. Inclusion has therefore progressively become a kind of mainstream issue that cuts across all social protection

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6 However, including care of young children in the social protection system is not entirely self-evident. There is a debate and some tension as to whether they should be considered as education or as a welfare service – this has very different implications also for jobs. This tension will appear in some case studies (see below).
policies. The Commission’s annual report on social protection is now entitled “Joint report on social protection and social inclusion”. Childcare and dependency must take this mainstreaming into account. Several of our case studies make clear reference to this.

We have therefore placed particular emphasis on understanding how growth and innovation in relational services to private individuals contribute to redefining the contours of national social protection models. We have also sought to identify common points shared by these national transformations.

Moreover, the evolution of means of funding and governance is a major issue in the transformation of social protection models. In fact, macro-economic indicators show that, over a long period of time, the social protection share in GDP has been slowly increasing. Spending on social protection is growing faster than the economy as a whole. As material needs are largely covered, demand now relates more to immaterial and qualitative consumption: living better and longer.

However, this type of consumption requires collective trade-offs between priorities and methods of consumption. Public authorities are constantly concerned by the need to restrain growth in spending on health and pensions. New demands therefore only come to light within this context of constraints. The public, as actors involved in different sectors of social protection, have the feeling that budgets are on the decrease and that social protection is being dismantled, whereas overall spending is on the increase.

Our research has therefore focused on observing the responses made to the funding and regulation of new social protection services in Germany, Spain, France, Italy and the United Kingdom.

This is the most regulated form of provision that we will analyse here. This means that our study is:

- neither an analysis of informal, non-regulated forms of care provided by families and friends;
- nor an analysis of informal economies, i.e. undeclared work and the black market (although this topic will be marginally addressed);
- rather, our case studies will focus on jobs and employment provided by specific organisations specialised (for a long time or as newcomers in this “market”) in services to individuals. In countries like France, it must be pointed out that this sets aside what is called “direct employment”, that is modes of job creation and service provision where no employer organisation intervenes (which does not mean that no regulation exists – on the contrary). If direct employment schemes do not appear in the fieldwork, our research will discuss this channel for job creation and expansion of the care sector.

As the following box shows, there are very different types of care workers and, more generally, relational service providers7. The box, drawn from the report Employment in social care in Europe by the European Foundation for the Improvement of Living and Working Conditions, details the variety of forms of work in the field of care.

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7 As pointed out regarding the inclusion of children’s early education into welfare or social protection, the inclusion of educators as ‘care workers’ is problematic. This general name “care worker” should be taken as no more than a useful reference in order to introduce our research and the overall issue of work relations and governance in interpersonal services, where care relationships constitute a central type of relation.
"Delivering social care services involves employing different kinds of personnel at different levels of the provision structure. There are numerous titles and classifications for people working in the care sector, from social assistants to social carers to social workers. (...) The term ‘carer’ refers to people involved in the everyday delivery of services to users, regardless of professional or educational qualifications. Carers, waged and non-waged, are classified as follows:

**Waged carers**

- ‘Traditional’ formal carers – waged carers who are employed by health or social care agencies and funded largely through public expenditure. The location of care will be either in the care recipient’s home, in the community or in a residential institution.

- ‘Mixed economy’ formal carers – waged carers working for either voluntary bodies, non-profit organisations, or ‘for-profit’ care organisations. There are wide variations in salaries for traditional and mixed-economy social carers. In some countries, it is the traditional formal carers who are better paid; in others, mixed economy carers may be paid from various sources and so have higher salaries; however, mixed economy carers are more likely to lack trade union representation.

- ‘Independent’ formal carers – carers who are registered with an employment agency for casual and short-notice placements. Agencies act as recruiters and have vetting procedures in place; at the same time, they charge a commission to the carers they register. These carers are often self-employed or may engage in caring work to supplement their primary income. Job security and working conditions are often poor for independent carers.

- ‘Personal assistant’ carers – waged carers who are personally recruited by the care recipient or the care recipient’s family or friends. This may be a permanent, casual or live-in arrangement.

**Non-waged carers**

- ‘Voluntary’ carers – carers who are not paid and who are likely to be linked to a health or social service organisation. Their time allotted to care could range from between two to three hours a month to three to four hours a day, as the carer decides. They might receive in-work training and reimbursement for their expenses.

- ‘Family’ informal carers – unwaged carers who provide care for their relatives. The work is generally undertaken because of the close relationship between the care recipient and the carer and no financial reward is expected. However, some countries provide a carer’s benefit scheme where a family carer may be able to claim some compensation for their work. Carers may live near their family member or in the care recipient’s own home, and the majority of family carers are female.

- ‘Non-kin’ carers – unwaged carers who are either friends or neighbours of the care recipient. Often this work is done for little or no monetary gain, although it may be rewarded in kind. Just as with family carers, the work is generally done due to the close relationship between the care recipient and the carer.”
As regards our case studies in the field of care, the workers concerned are the first three types listed, that is traditional formal carers, mixed economy formal carers (these ones representing a large majority of our sample) and independent formal carers. Besides, we will also look at the situation of professions experiencing several developments because of the changes in public governance, like the profession of educator (for infants), or professions which have been created in order to meet new social needs, like the job of social mediator.

The concept of innovation

Services to private individuals are therefore undergoing a process of rapid transformation. Our research focused on the concept of innovation. At the start of the project, innovation was seen principally in terms of "new" services.

Even before embarking on the empirical fieldwork phase, we realised that few services were actually new. They are however innovative insofar as:

- They respond to rapidly changing needs. It is therefore the conditions of provision of service rather than the service itself that are innovative.
- An ongoing process of change in methods of funding and governance has transformed these sectors profoundly during the last decade.

Hence, if we were to re-title our research today, the new title would be: “Innovative processes favouring the creation of employment in relational services”.

Innovations are presented on the basis of the case studies. What the word “innovation” indicates is not necessarily synonymous with “positive” changes. There can be innovations in modes of governance which impinge on employees’ working conditions. However, one should also take note of the existence of many innovations that have emerged as responses (from isolated organisations, from networks or from public initiatives) to the issues regarding working conditions and job quality.

The four types of innovations we essentially looked at were the following:

- **Innovations in governance and delivery mechanisms in Relational Services**
  One hypothesis that emerged from our research was that new forms of governance of Relational Services and new governance structures are emerging and that this may have implications for employment and work quality in RS. The purpose of the field work was then to consider whether this is correct; to describe the new structures emerging; to deepen our understanding of the rationales and processes behind the emergence of these new structures; to consider whether these new structures represent a cosmetic change or some more fundamental change, and to explore the implications of these changes on work and employment.

- **Innovations in expanding and retaining the paid and formal workforce in Relational Services (and barriers to achieving these goals)**
  A key goal of the project was to identify employment creation in RS. We go beyond the quantitative aspects of this question to try to understand the problems and opportunities in
creating employment in RS. This focus is in line with European (and national) policy of increasing workforce participation. There were two issues at stake here. First, the point was to explore the barriers to participation in paid and formal RS work and give some insights into how they could be overcome. The second approach was to look at initiatives aimed at getting people into work.

- **Innovations in training and qualification and accreditation in Relational Services**

We have identified a growing trend towards qualifications and accreditation in RS. In part, this can be seen as part of a wider drive towards accreditation in the workforce (part of the trend towards targets and measuring which can be seen as part of the new managerialism). RS can also be seen as relying on mechanisms through which the State seeks to control and regulate the quality of provision in a more diverse delivery environment. It is also a key European policy goal whereby, it is argued, investment in human resources is required to promote productivity, competitiveness and active ageing. The group most in need of training are low skilled workers, older workers, people on temporary contracts or part-time workers and workers in small firms. These are the groups “least likely to receive training”. A large number of workers in IRS, though not all, will fall into these categories. Beyond this, higher skilled workers still need training.

- **Innovations in types of employment and occupation**

This integrates both the new occupations (for example, in mediation) emerging as the result of increased demand, but also changes in existing occupations resulting from increased demand together with changes outlined above. A key hypothesis which appeared was that some kind of ‘hybrid occupations’ were emerging. But increased specialisation may also be occurring and we need to explore the tensions between these two trends.

The concept of relational services

Relational services, as defined in this project, are services which seek to provide care and/or assistance to individuals, households or particular groups in order to improve their well being. In general, it is explicitly or implicitly agreed at societal level that such care and assistance has wider societal benefits, reflecting underlying cultural assumptions about social solidarity. A significant part of the ‘added value’ resulting from these services derives from the nature of the inter-personal relations embedded in the transactions which take place. The relationships are qualitatively different from in other services, in that the service worker enters more completely into the user’s private personal physical and/or psychological space, either intensively over a short period or over a sustained period of time. This interpersonal element cannot be easily substituted by technology. These services are provided by the market, the social market and the public sector.

We shall often use the term services to private individuals. However, it was very much our intention to focus our study on services that include a strong relational dimension. We

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deliberately chose not to include household equipment repair services that are mainly technical in nature. Relational services modify an individual’s living conditions, not only his technical environment. Even though a plumber may chat with his elderly client, he is primarily there to unblock his sink. However, a carer who prepares a client’s meal plays an entirely different role; the carer must take into account the social and cultural way of life of their elderly client. There is interaction between the provider and the consumer of the service and this may sometimes extend as far as the joint construction of the service.

The three sectors studied are therefore all relational services, although they are not an exhaustive representation of this category.

Gender equality

Gender equality has also become a mainstream issue. We have studied this transversely, rather than devoting a specific chapter to it. This mainstreaming affects both employees and users of relational services. Within the family context, the carer of a child or an elderly person is almost always female. These services therefore fundamentally affect equal access to the labour market and also leading an independent life. The vast majority of those employed in childcare and dependency care are also women. These services therefore affect access to the female labour market but within the framework of a highly gender-led employment situation.

The role of the third sector

Services to private individuals are often presented as an opportunity for creating or developing a third sector between the market and the public sector. This declared intention is not without ambiguity. Does it mean:

- developing a social economy based on solidarity, making it possible to create services that are free, at least in part, from market forces?

- or externalising services that one no longer wants to be handled within the public service sector for reasons of cost, but whose profitability is insufficient to attract investors?

We have sought to discover whether this question can in fact be posed so starkly. Surely there is a whole range of possibilities between these two options. What is the current situation regarding the division between the third sector and private sector? A number of socio-economic studies devoted to these services have highlighted the “liberal” shift in public regulation (cf. Laville et Nyssens, 2001 and Du Tertre 1999). The “competitive deregulation” – to use the authors’ term – that began in the 1980s, has profoundly reshaped the ways in which these services are provided. Is the emergence of different managerial practices in the for-profit sector and the not-for-profit sector a direct consequence of the opening up of these activities to competition? What is the impact on the quantity and quality of jobs?
An embryonic social dialogue

The question of the social construction of jobs in services to private individuals is a vital one. For many years these jobs remained close to the public sector and their status was governed within this framework. Their development on a private basis, whether for profit or not, raises the issue of the negotiation of collective agreements. However:

- as these jobs are scattered among numerous, small and often newly created structures, and tend to be filled by entrants new to the labour market, they are poorly unionised.
- Employers in the private, for-profit sector appear to be poorly organised.
- Employers in the non-profit private sector (third sector) are organised in networks that are often powerful but do not perceive themselves (or only recently) as employers. Their tradition, founded on solidarity and a great deal of voluntary help, sits badly with the status of employer and with social dialogue. The feeling is often that their interests are necessarily the same as third sector employees, and trade unions share the same ideal. However, this culture does not necessarily help to resolve problems relating to working conditions.
- Although the new jobs do not depend on the public sector, the State, as we have seen, has its input and the conditions imposed by the regulator have both a direct and an indirect influence on working conditions.

Consequently, this social dimension forms an integral part of our research agenda, all the more so as all the members of our consortium have long been accustomed to working with the trade union world (cf. infra).

A reservoir of labour?

Since the industrial revolution, the old sectors (formerly agriculture, now industry and even the standardised services) have been seen as reservoirs of labour capable of being “discharged” into new sectors. Relational services are not very new in technical terms, but they offer important opportunities for development (cf. supra).

But can jobs be as easily switched from an unskilled industrial sector to a relational services sector that is equally unskilled, as they once were from the land to a factory? This is a matter to be approached with caution. Were the jobs shed in industry really so unskilled? This is far from certain. Can those who were once employed in these sectors be employed in services to private individuals? Are services to private individuals unskilled jobs? This is a question we shall go on to examine.

Another approach would be to employ those excluded from the labour market to fill jobs in services to private individuals. The problem with this is immediately apparent. It would mean using people with social problems of their own to take care of people who are often in difficulty themselves, such as the dependent elderly. However, this approach should not simply be abandoned because of this, though our case studies will show the difficulties involved in such an exercise. If these do offer routes to employment, it should not be by simply “discharging” but via a social inclusion programme.
Finally, services to private individuals are often seen as a natural opening for women seeking to re-enter the labour market after raising their children. Their “natural qualities” are seen as enabling them spontaneously and almost without preparation to take up jobs for which the main requirements are relational skills. This route is manifestly more accessible, but are these “natural qualities” sufficient in themselves to equip such women professionally?

Meanwhile, the market reveals a strong tension between the pressure towards greater professionalisation and a concern with obtaining services at the best possible price. Indeed, part of this sector depends on the informal economy. The pressure of undeclared work is particularly strong where there is a large labour force and no tax incentive to encourage individuals to pursue declared work. Without wishing to conceal this phenomenon, we have decided not to examine services to private individuals carried out in the shadow economy.

With regard to job creation, the sector is generally conceived as a “reservoir” of employment. As already stated, the gap with the US with regard to the creation of jobs in the service economy has been emphasised by the European employment institutions. The real issue is that many obstacles arise concerning job creation, which will be addressed at length in this report:

- cultural and societal obstacles
- labour shortages due to the difficulty in finding people willing to work in the sectors
- few young labour market entrants
- high rates of turnover
- etc.

Moreover, is the future of relational services so sure? As a study by Coomans (2002) suggests, quoted in the report by the European Foundation for the Improvement of Living and Working Conditions (2006: 14-5) on which we draw, one cannot take for granted the significant future labour supply in social services. The situation, which we consider can already be observed at the moment, and which will continue, is that there is no massive “reserve army”, so to speak, wishing to engage in RS jobs. Coomans considers that one can predict that:

- although there is currently an abundant labour supply, human resources will tend to become scarcer in the coming era, which will entail many organisational problems;
- the working age population in the EU will reach a peak in a few years, before it declines and ages;
- some regions will face massive labour shortages as a result of these initial developments, for instance northern Italy, parts of Germany, Austria and the Benelux;
- as the educational level keeps on rising, labour shortages of people with lower qualifications will be acute;
- any occupation recruiting “low-skilled women around the age of 30” will need to significantly improve the working conditions and quality of work in order to attract people.

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The challenges for the development of RS are manifold:
- the restoration of a public image which has deteriorated, which contradicts the high value attached to care in our societies;
- gender issues that go beyond equal opportunities issues;
- improving the quality of the service and equal access to a quality service for everyone;
- raising training and qualification, and responding to the need for collective recognition of care workers’ competencies and the translation of this into collective rights;
- attracting and retaining the workforce;
- improving working conditions;
- governance issues, financing and regulation. As the European Foundation Report writes, “if regulations require that carers be well-trained and highly qualified, it might place an unacceptable financial burden on societies” (p. 8).

A low-pay sector?

Here we shall look at the question of pay. Services to private individuals are often seen as a low-pay sector, likely to produce jobs that are low-skilled, poorly paid and easily accessible to unskilled entrants joining the labour market.

Could this be an attempt, using subsidised and precarious employment, to split the labour market and develop a low-pay sector?

We have already seen that the problem is not as simple as this. Although jobs in domestic work may be associated with the development of unskilled jobs, these account for only a small share of childcare needs and care for the elderly. Furthermore, we shall see that these jobs, which are a priori unskilled, are combined with far more complex tasks aimed particularly at ensuring the independence of the elderly. This may provide us with a partial explanation of the gap between the USA and the EU in the field of service jobs, the USA having tended to develop jobs more traditionally in domestic service or in commerce.

The professionalisation of relational services

Professionalisation therefore appears to be one of the key issues in this question. If relational services fail to offer professionalism and quality and are not legally and technically safe, they will not be able to gain users’ confidence.

Nor are public sponsors prepared to spend scarce budgetary resources without guaranteed quality of service.

A competent, qualified workforce will not take jobs in a sector that is devalued and poorly paid.

But in this case, the sector providing services to private individuals will not be able to take large numbers of unskilled workers excluded from the labour market.
All things considered, relational services to private individuals look like a sector still awaiting construction. Is this statement correct?

Methodology

Choice of countries and partners

This was based on two main criteria:

- Choosing large countries rather than small, and countries founded on different social state models. Germany, Spain, France, Italy and the United Kingdom meet these criteria. We would have liked to have incorporated a Scandinavian country so as to include the Scandinavian social state model, but we were unable to find a partner interested in participating within the deadlines given in the call for proposals.

- Selecting partners accustomed to conducting empirical research and who have a certain familiarity with the world of trade unions. The six members of our consortium meet these criteria.

Choice of regions

At the start of this project, we selected a region in each country that was backward in terms of development or in industrial decline and a region that was more developed than the European average and geared to new technologies. This choice was based on the hypothesis that regions in decline would have a greater need for social cohesion services and that high technology regions would have a greater need for services directed at access to the labour market of both parents. As early as the quantitative and qualitative analysis phase, we realised that few elements in the statistics and methods of governance in fact confirmed this hypothesis. Furthermore, this initial study phase did not allow us to identify other particularly relevant regional criteria.

We have adhered to our initial selection of regions:

Germany: North Rhineland Westphalia and Hamburg
Spain: Galicia and Catalonia
France: Nord-Pas-de-Calais and Rhône-Alpes
Italy: Lazio and Emilia Romagna
UK: North East and East England

In our case studies and our analyses we shall not differentiate between the so-called regions in decline and the new technology regions. Where relevant, we shall signal elements in the nature or realisation of the service which respond to cohesion needs in disadvantaged areas or rather to needs linked to services for bi-active couples. In fact, the relevance of this distinction remains, but the regional framework does not allow it to be analysed. The same
needs co-exist in all the regions, even though the balance may vary. For a territorial division to make sense it would need to be at a level far below that of the region (such as a labour pool or neighbourhood).

Choice of sectors

The choice of sectors is firstly the result of methodological choices. Our approach leads us to study sectors which have a direct or indirect link with the development of the Social State. We therefore disregarded services to private individuals of a cultural nature or relating to leisure or tourism. We also disregarded the sector covering the breakdown of household equipment and gardening services. This was a more arbitrary decision insofar as such services are situated on the borderline of services of a social nature, tradesmen and leisure services. Some enterprises studied also supply these types of services. However, we did not choose enterprises for which this was a core aspect of their business. For the same reasons we did not select enterprises specialising in providing out-of-school activities, although some enterprises we looked at also offered this service in addition to their main activity.

We thus chose to concentrate on two main activities that correspond to our initial approach:

- **services for the elderly**
- **childcare services and, in particular, infant care and education.**

In the third place we chose the **social mediation sector.** In fact, this sector is experiencing rapid development and meets a need that is additional to the two other activities chosen. On the one hand, social mediation provides support to families in difficulty, and on the other it contributes to ensuring social cohesion in the environment in which people develop. It is notable that many structures, such as the Régies de Quartier in France, carry out individual family support activities and collective social mediation work side by side. The choice of social mediation is linked to our initial aim of studying “new” services. In quantitative terms, however, case studies in this field are limited and, as a result, the report remains focused on care activities. They do however allow us to draw attention to certain institutional mechanisms and mechanisms of governance, in particular the *ex nihilo* creation of mediation services in an externalised framework.

With regard to fieldwork, in order to avoid over-diversification, the partners chose to limit their work to two sectors, chosen according to their specific national features. Thus:

In Germany, care for the elderly and childcare services were the sectors chosen. This choice is explained by the fact that the German social model was family-centred in the Länder of the West. It is therefore in these two sectors that the transformations are greatest.

In the United Kingdom the choice was identical, but for different reasons. The Labour government has placed emphasis on early childcare, which is a very important sector in terms of innovation.

The French team chose to study the sector of care services for the elderly which has been changing rapidly over the last decade. Their second choice was social mediation, which is undergoing very rapid development, notably because of social cohesion problems in deprived areas. Early childcare is a sector that has already been studied extensively and has undergone little change in recent years. Fieldwork was therefore not carried out.
Spain and Italy chose childcare and social mediation. This can be explained by the very rapid development of childcare services as a result of a massive influx of women into the labour market. Care for the elderly appears, on the one hand, to be developing less rapidly and, on the other, to be largely associated with undeclared work, which does not come within the scope of our research. However, both these countries are facing a new problem of social cohesion linked to immigration, whereas traditionally they were countries of emigration. Mediation services have therefore been created at local level to welcome and provide guidance for immigrants.

In Spain, childcare was subdivided further into infant education and educational leisure and out-of-school activities for children, two sectors whose construction follows different paths.

Methodology

Our research was conducted in three phases:

The first was devoted to a broad account of the state of the art and to the definition of concepts. It also allowed us to analyse the different employment and job creation support policies. It culminated in a first comparative framework. At the end of the first phase the partners chose the sectors that would form the object of the empirical study.

The second phase was devoted to a quantitative and qualitative analysis of the sectors studied. The quantitative research used available European, national and regional data. As we shall see later, this brought to light a great shortage of statistical data. The qualitative analysis focused on innovations in the field of:

- social state models
- methods of governance
- qualifications
- employment and labour market policies
- working conditions.

The third phase was devoted to empirical study. We identified three areas of analysis: the key actors in the sector, the structures (networks and initiatives) and service providers.

The phase 2 documentary analysis was completed by interviews with key actors (politicians, employers’ federations, trade unions). Our fieldwork focused on three types of structures:

- service providers;
- structured networks (for example not-for-profit providers’ federations) and less structured groups (e.g. clusters of suppliers);
- initiatives, i.e. specific and sustainable actions aimed at supporting the development of relational services.
Fieldwork methodology was based on:
- semi-structured interviews with managers, managerial staff and employees;
- analysis of all available documents: information leaflets, activity reports, accountancy documents (where available), contracts;
- direct observation wherever possible;
- in the case of certain major service providers, distribution of a questionnaire to all employees.

Following the results obtained in phase 2, we structured our research around the following four main themes:
- innovations in governance and delivery;
- innovations in expanding and retaining the workforce;
- innovations in training, qualifications and accreditation;
- innovations in types of employment and occupation.

The question of gender was treated in a transverse manner.

Organisation of the report

The report is divided into two main parts.
Part 1 deals with the evolution of social state models and innovations in governance and delivery. The three chapters making up this part will address the issue of the evolution and recomposition of the role of the state and public actors, given the increasing need for social and relational services in the different countries. How have the five countries responded to these needs? What are the common features and differences between them? At a local level, what strategies have been undertaken by the organisations that we observed during our fieldwork?

Chapter 1 will show the main principles and elements on which changes in European social states are based. The main elements that we have observed are the generalisation of social markets and of a purchaser-provider model, as well as the generalisation of contractualisation and outsourcing (public authorities still finance relational services, but delegate the provision and delivery functions to autonomous organisations, either non-profit or for-profit).

Chapter 2 will look at innovations in terms of governance in the 80 case studies we have analysed. How do coordination by public actors and partnership arrangements function in practice at a decentralised level?

In addition, the following questions will be asked in Chapter 3: what are the strategies adopted by these organisations in this rapidly evolving context? What new modes of delivering social services are noticeable? A trend towards managerialism is obvious: what does this mean in practice?
Part 2 will focus on working conditions and job quality. The original feature of the research is that it analyses the current social changes via the changes experienced by workers. One of the decisive challenges for the sustainable development of relational services in Europe is quality of jobs. Without such quality, quantity will not follow, one is tempted to say because people will not apply to work in precarious and difficult jobs, with low pay, and because clients will refuse to accept unskilled workers to carry out intimate and delicate tasks.

The impact of the different innovations in terms of governance and delivery explored in the first Part will be assessed in Chapter 4. The changes in the way these services are provided, in particular the search for a much more managerial approach, and the advent of competition and market principles, directly impact on the employer-employee relationship, on individual labour contracts, on working times, etc.

How can job creation in these sectors be characterised then? A short Chapter 5 will briefly provide some quantitative answers to this question, but the bulk of the second part is above all qualitative (more quantitative elements are to be found in the Phase 2 report of our research; see Darmon et al., 2004). Hence Chapter 6 will focus on analysing some of the qualitative aspects of job creation, emphasising the statement that the sector will not experience a sustainable quantitative development without an improvement in the quality of work. This chapter will not be abstract, but will be strongly rooted in the case studies in the various countries, focusing on innovative experiences from single providers or emanating from sector-based policies. The nature of labour contracts, the question of working hours, the wage issue, and the social protection of workers and their right to collective bargaining will all be dealt with at length.

In Chapter 7, the delicate question of the recruitment and retaining of the workforce will be raised. The problems in attracting and retaining workers in these sectors have been observed. The barriers will be further explored, but the focus will be on the particular innovations or experiments that the local providers or the collective actors have implemented as responses.

In addition, the issues of the professionalisation of the sector and the qualification of workers will be analysed in Chapter 8. The innovations regarding skills development will be given some attention. This chapter is also about innovations in terms of new activities and new jobs. These different innovations – as regards qualification of workers and qualification of activities – cannot in effect be separated.

A final section will conclude the study, proposing a series of political recommendations based on this empirical work.
Part 1

The evolution of social state models and innovations in governance and delivery
CHAPTER 1 THE EVOLUTION OF SOCIAL STATE MODELS

As we said in the general introduction, the various countries face common challenges but have different points of departure. They are, moreover, dependent to some extent on past choices and arrangements with regard to the welfare state, social and employment policies and societal choices vis-à-vis relational services, female labour and domestic work, work/life reconciliation, care systems etc. The result is a variety of political arrangements for developing the supply and demand of relational services in the five countries. The potential for job creation is great but depends on these social arrangements. The diversity and rapid evolution of forms of governance, delivery and organisation of these services is a reality. This section is dedicated to analysing these changing forms, emphasising, both empirically and theoretically, their possible or actual impact on job creation and job quality.

1. The changes in social care policies in Europe

Drawing at length on the comments by two authors specialised in care policy in Europe, in particular elderly care policies, we wish to quote the following lines:

“In the course of the last ten years a profound change has taken place in the orientation of social care policies in many European countries. This has come about due to the inadequacy of consolidated intervention forms to meet the new demands for care arising especially from the elderly population. Three levels of inadequacy have been identified: a) in terms of the financial crisis, determined by the progressive growth of public care costs caused by increasing demand for services; b) an organisational crisis, determined by constraints and rigidity stemming from the direct supply by public agencies of such services; c) a political crisis, determined by the growing perception that the welfare systems are no longer capable of sufficiently protecting the population from new social risks. Of the three, it was the first aspect which received the most public attention: cost containment has in fact become the foremost objective of elderly care reform policies. As the principal cause of the financial crisis was often perceived to be the “failure of the state” to provide an efficient social services system, many indicated the reduction of the role and financial and organisational commitment of the state as the best solution.

In observing the real dynamics, however, there do not appear to have been drastic cuts in public funding for assistance programmes, nor a massive reduction in the role of the state. Rather, there has been, after a phase of relative stability in public financing in the years 1990-1995, a renewal of spending increases, connected to pressure exerted on costs by the increase in growth of the elderly population (...). The key problem that the new policies have attempted to resolve is therefore just the contrary: not that of reducing public intervention, but rather that of expanding the range of services offered and of improving efficiency and quality without resorting to excessive pressure on public spending. The need to expand and to improve the programmes that offer elderly care services therefore came into direct opposition with the historical limits of growth in public finances and with the organisational inertia of existing services systems, in many countries based upon the direct intervention of the state or on the wide-scale delegation of provision of care to non-profit organisations. The aim of the new policies was therefore
that of finding a new approach that would consent further growth and better orientation of care policies rather than their reduction”

Our fieldwork confirms the main ideas expressed in this quotation. In the five countries of the study, there has been no reduction of public expenditure in the field of care work – on the contrary. The issue of offering a wider range of services with the aim of meeting the growing needs noticed before (the ageing of the population, childcare needs as women’s participation in the labour market rises, etc.) has given rise to increased action by the state and public actors rather than a reduction. This public action depends, of course, as we said in the previous paragraphs, on prior arrangements regarding the architecture of the national welfare states. In countries like France, the welfare state already offered a wide array of social services to families in the fields of childcare and care to the elderly. Public intervention in Germany and the UK is more recent and based on different systems of social protection. Southern countries like Italy or Spain have much less experience of public intervention in these domains where a family-based tradition remains very important.

As our research will illustrate, there are new forms of public action that have emerged. They result from the many political, organisational and financial constraints mentioned in the above quotation:

- the political constraint, for public actors, is to show that they can help people meet their private needs such as childcare or eldercare;
- the organisational constraint is to offer modes of provision that improve the quality and quantity of these services without hypertrophying the public sector;
- the financial constraint is of course to control public expenditure.

Rather than direct provision by the welfare state of these relational services, as could perfectly well have been the case, we observe that in the different countries these services have been developed by means of an evolution of the welfare state models.

1.1 Five different models

It is not, of course, our aim to rewrite theories about the social state and its evolution. Our far more modest intention is to see if our research can provide another building block in this edifice.

The five countries studied present very different social state models:

- Germany, together with France, devotes the largest share of its GDP to social protection (28.7% compared with an average of 26.4% in the EU-15). The spending figures for different systems of social protection place it almost systematically at the head of the list. However, as Esping Andersen has already described, the German model remains family-based, particularly in the field of childcare: there are few crèches, few para-educational activities and the social model provides little incentive to women to become part of the labour market.

- **Spain** can be characterised as a social state under construction. The Franco regime did not construct a social model comparable with those of western democracies. Even today, of the countries in our sample, Spain is the one that devotes by far the least funding to social protection (19.6% of GDP compared with an average of 26.4% in the EU-15). The share of GDP devoted to the family is 0.5% (compared with 2.1% in the EU-15) and 1.5% compared with 2.1% is spent on disability. Under the Franco model, childcare and care for the elderly clearly depended on the family circle. As we shall see, things are rapidly changing.

- **France** can be characterised as a more developed model in terms of spending on social protection, being 2 points above the EU-15 average. It has also moved in a matter of years from an essentially Bismarckian model to a universalist model funded by contributions drawn from across all forms of revenue. While the family has always been an essential pillar of social protection, disability of the elderly has recently become an additional aspect.

- Quantitatively speaking, **Italy** is the least developed of the western social protection models (apart from Spain), with spending 2 points below the EU-15 average. The family and dependency are, in particular, badly provided for, as our fieldwork will confirm. As in Spain, although to a lesser extent, the family circle was considered to be the principal source of childcare and care for the elderly.

- The **United Kingdom** is at the average level of the EU-15. It is generally described as a residual universalist model as, unlike the Scandinavian countries, the Beveridgian model has gradually been transformed into a safety net. However, since New Labour came to power, the model has undergone many shifts, in particular (as far as our research is concerned) a noticeable effort in the field of childcare.

In addition to these quantitative aspects, it is **important to identify shifts in terms of governance and social models. In fact the general trend is no longer to develop the social state within the public sector, but via processes of outsourcing and social markets.**

1.2 The various forms of public funding

None of the three sectors operate without public funding in any of the countries studied. This takes place in various ways:

1. Direct funding of service providers (e.g.: municipal crèches managed directly by the town authorities or via an association).
2. Relief on employers’ social security contributions.
3. Part-payment of wages by public grants.
4. Subsidies to organisations providing logistical support to suppliers (training centres, management support centres).
5. Funding for users via specific benefits.
6. Funding for users via tax allowances.
7. Funding for users via service vouchers.
The systems are therefore complex, particularly as these mechanisms can become entangled. Some of the aid comes directly, as with the APA (Personal Autonomy Allowance in France) or indirectly via social protection systems (relief on charges); other aid comes from the central state (in the form of income tax reductions); some depends on local authorities; and some can come from private funding (co-funding of service vouchers).

France is particularly inventive as it uses all seven methods described above simultaneously. The other four countries use at least four of them.

This demonstrates the limits of typological approaches. On the one hand we have continuums and on the other a combination of efforts at different levels of power.

There is a continuum between the purely public funding of a public crèche with limited participation from the user, and the purely private funding of a childminder at home. There are private crèches with public funding, company crèches with public and/or private funding, parental initiatives subsidised to varying degrees by the public authorities, and childminders partially funded by vouchers and/or tax allowances.

Similarly, with care for the elderly we find a continuum between residential care in a hospital environment and the purely private nursing home. This diversity is now even greater as emphasis today is being placed on taking care of the dependent elderly in their own home.

In this respect, our research show trends in common with social state models.

**Funding remains above all public. Changes mainly affect methods of governance** (cf. infra). States have put in place new sources of funding for dependency (France and Germany) or are supporting childcare initiatives (such as the United Kingdom’s Sure Start initiative). Local public authorities are funding the development of early childcare (Germany, Spain and Italy). Of course part of the financial burden must still be met by the families, but this has always been the case. The general trend is to take responsibility for a growing number of needs. Unsubsidised providers of private services are the exception.

The trend is towards the decentralisation of the missions of the social state. In France the APA is managed by the regional départements. In the United Kingdom services to private individuals are increasingly defined and managed at local level. In Germany, Spain and Italy, the creation of services to re-balance the family-centred character of the social model is taking place at regional and local level. The reform of Bismarckian and Beveridgian social states is therefore undergoing a process of decentralisation of certain existing services and, above all, the creation of new services at a more local level.

### 1.3 Subsidising supply or demand?

The funding of childcare services and care for the dependent elderly can be via two complementary tools: subsiding demand (social markets) or mechanisms for the purchase of provision by public bodies involving codified procedures (public procurement).

These two well-developed forms of intervention of the state and local authorities take place in a decentralised and partnership configuration for the supply of welfare services. They rely on a market-oriented logic of public governance, i.e. one that develops and supports the idea of creating the conditions for a market of care services. In particular, we will try to test the widespread assumption in the different countries that the independent or private sector should be the provider. This assumption has led to the generalisation of a purchaser-provider model and the undisputed practice of contracting-out new services.
In the following sections, we review the arrangements set up for the introduction of market principles in different relational services sectors and in different countries. Within welfare services, we identified two major ways in which market principles are introduced:

- **Social markets** (users choose amongst providers and the cost of the service is subsidised via benefits, vouchers and tax rebates) are analysed in the next section;
- **Contracting-out** by local authorities to private for-profit and/or third sector organisations (via competitive tendering or subsidisation agreements) is analysed in section 3.

Furthermore, we should not exclude the existence of pure markets as well. This is what has predominated so far in the educational leisure sector in Spain, where parental fees are the main source of income.

### 2. Social markets and the generalisation of a purchaser-provider model

All the countries have encouraged a market and competition-oriented provision of care services. This is linked to developments in the way social services are financed and sustained. All the countries have introduced new financing systems for social care, depending on their social models and culture. Major changes include the increased participation of the independent sector, even in the case of public financing, the diminishing of direct provision by the public sector, and some “empowerment” of the beneficiaries themselves so that they can buy the service themselves (through voucher systems or tax credit schemes). This refers to the introduction of "social market” mechanisms.

Besides, there has been a generalisation of what can be called a **purchaser-provider model**. It refers to the introduction of contracting-out and competition in what were previously public services. It encompasses both the trend towards “social markets” and the generalisation of contracting-out procedures.

#### 2.1 The principles

The principle of the social market depends on competition between suppliers in a framework in which local authorities take full or partial responsibility for the costs. The mechanism is well-known and has been applied for decades to medicine in private practice (although doctors would certainly reject the term "competition").

In our fields of study, competitors may come from various sectors: for example, in the field of early childcare, parents may have a choice between a public crèche, a private association-run crèche, a company crèche and childminders, although it would be unusual for the same area to offer the full range of options. We shall see that in Italy provision is essentially municipal, with private initiatives only beginning to emerge. Methods of payment are also varied. This may take the form of a benefit paid to the user, vouchers for services or direct payment to the supplier, depending on the number of users/clients who choose them.
As Ranci and Pavolini write:

“At the base of the creation of a social market for care services lies above all the emergence of an *increasing gap between financing functions* (which often remain within the public realm), *purchasing functions* (which are transferred directly to the beneficiaries, or maintained by public agencies and managed separately from those relative to the provision of services), and the *provision of services* (increasingly outsourced to private providers, both non-profit and for-profit). While the model traditionally present in the area of care services was previously characterised by the strong regulatory power of the state and by close collaboration between state and public sector which allowed the beneficiaries a substantially passive role, the advent of the social market has seen the proliferation of an increasingly well-defined distinction between state, private suppliers, and individual beneficiaries. Thus, public responsibilities may be identified and clarified, and the forms of collaboration between the diverse subjects structured in contractual terms.

A second characteristic of social markets is the notion that it is preferable to *define the relationship between service financiers, suppliers, and beneficiaries in such a way as to allow the last to determine the terms and conditions of the provision of services*. This substantially changes the terms of the relationship between the state and private care providers: while the previous financial subsidy system translated into a “credit of trust” on the part of the government toward those services developed independently by private service providers, now the relationships between the subjects take on the form of “contracts” in which the content is specified increasingly by the user”\textsuperscript{11}.

2.2 The development of social markets

**Social markets mainly rely on demand-side measures, the aim being to ensure that users or consumers of services are offered more choice and are, financially speaking, able to purchase RS.** The concept does not only relate to subsidies to parents (through vouchers, tax credits, etc.), but can also extend to cases where the State provides funding directly to the providers themselves.

The market logic involves developing the demand side with the aim of transforming “latent” demand into effective demand. Through financial mechanisms and incentives, the objective is to develop such effective demand that it guarantees an economic activity to existing providers and gives incentives to new suppliers to enter the market. **This logic of development of the market is directly linked to a strategy of job creation through the development of new jobs, driven by a growing demand for “outsourced” services.** The state designs financial mechanisms and calibrates incentives in order to encourage households’ preference for outsourcing hitherto internalised services, in particular in the field of care, but also in other domestic activities, such as cleaning, ironing, gardening, etc. **The potential for job creation does not directly lie only in these new domestic jobs.** The overall strategy is also linked to Member States’ commitment, under the “European Employment Strategy”, to raise employment rates, in particular female employment rates. This in particular demands that inactive women be given incentives to take a (formal) job, and thus be liberated from

(certain) domestic tasks; or, put differently, that female participation in the labour market be unhindered by the domestic duties which generally fall on them.

“Social markets” involve competition between different modes of provision, with the user receiving direct or indirect assistance from public authorities to make their choice. This way of introducing market principles in the provision of welfare services is most extensive in France and Germany, but is also found in other countries.

Social markets organise the competition between different types of providers (sometimes including public providers) or simply between providers of one single type (e.g. domestic workers). They are thus supposed to allow for user choice. However this choice is considerably constrained by prices and incomes. Moreover, when individual choice is fostered through monetary incentives, it may happen that only the upper classes find it interesting or affordable. In addition, when the incentives consist of tax credit, this excludes the people that are not taxable because they earn too little.

The partisans of the market-oriented and purchaser-provider model consider that it encourages innovation, flexibility and quality, as the market should eliminate the bad quality suppliers and encourage a user-oriented approach. The transformation of care recipients into care buyers, and that of transformation of service users into service buyers, may indeed have positive effects, as the Dublin Foundation report notes: “The more actively involved service users are in determining the content of care, the more likely it is that care services will be greater suited to the individual’s values, culture, attitudes and circumstances. Empowerment of care recipients enables them to purchase their own care and have the security assurance of contractual rights. This can potentially influence the quality of care, as low standard care services would simply not be ‘bought’. At the same time, care recipients could tailor a care programme to their specific needs, again raising quality and improving delivery” (European Foundation..., 2006: 75). Voucher schemes could be steered in this direction, according to this report and to certain authors12.

However, less positive effects may also emerge if the market fails to enhance quality and if equal access to the service is not guaranteed. One main issue is the possible levelling-down of quality as an effect of the development of social markets. The fact is that when people (families or the dependent people themselves) are given the choice, they often favour getting more hours of care and thus will more often employ domestic carers directly. With such market-oriented arrangements, the cheapest solution will be favoured, and this solution is often direct employment without the intermediation of any organisation. This solution is chosen at the expense of more costly ones, where an organisation is present that gives support to the care workers. This may eventually result in poorer working conditions for carers and a poorer service (but maybe a longer one in terms of “bought” working hours). With regard to what was mentioned above as a positive impact of the market, i.e. a richer co-production of the service, a major concern however remains “whether those on the margins of society have any say in the design of services” (European Foundation, ibid.).

One important issue is, then, the extent to which public authorities can compensate for the consequences which this competition has on the quality of jobs through the development of quality charters, accreditation criteria, etc. (see below).

Social commoditisation appears to be a common response to the growing needs in all five countries. This system also appears to enjoy a tacit consensus. Users/clients often wish to retain freedom of choice of supplier. Suppliers find in this method of funding a way of developing the sector and their market share. Public authorities hope to be able to control

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12 For instance, see Ungerson C., “Give them the money: is cash a route to empowerment?”, Social Policy and Administration, vol. 31 no. 1, 1997, 45-53.
their budget better. Of course they do not have control over the number of beneficiaries, but they do exercise strict control over the cost of supply. Local authorities for their part have often gained the right to regulate the quality of the service in more or less close partnership with local actors.

This last point is most likely to give rise to debate. In fact, social markets do not in themselves guarantee either access to the service or the quality of the service. For example, if the voucher allowance is low, less well-off families will not have access to the service. If the standards for becoming a supplier are low or non-existent the service can prove to be of poor quality. The risk of a two-tier system is therefore great. Poor families will get a minimum service that corresponds to the amount of the public subsidy. Well-off families will enjoy a quality service thanks to the additional funding provided by the families themselves.

The question of decentralisation is therefore fundamental. States have clearly seen this as a means of transferring to local level duties that are difficult to perform at central level (providing people with aid requires careful regulation that takes account of the local context) but also of restricting the growth of social budgets. Aid is provided according to the number of users, at the local level best able to manage it efficiently.

2.3 Towards a market/control dual approach? National illustrations

2.3.1. France

One of the most advanced examples of this “social market” approach is to be found in France. In France, social markets correspond to a long tradition in the social security system. Tax deductions are also widespread, as only half of the population pays income tax. Those two mechanisms were extended to childcare in the 1980s and to elder care in the 1990s. In the latter period, as we observed in our case studies, the system has been diversified and decentralised, which leads to somewhat unequal situations in this country. The central state primarily takes care of the development of services, while quality standards are mostly the task of local authorities.

The French policies aimed at developing elder care provision have constantly confirmed the strong support for a social market. In 2002, the launching of the new dependency benefit named APA (Allocation Personnalisée d’Autonomie, personalised autonomy allowance), reasserted this approach.

This allowance grants elderly people over 60 the right to exercise freedom of choice (directly or via their families) as far as their living arrangements are concerned. The amount of this benefit depends on the level of dependency of the user (ranked in six levels). The average amount at the end of 2003 was 490 euro (846 euro for the more dependent). Users may be required to participate in the cost, depending on their income levels (average participation 5%). The benefit can be paid directly to the domiciliary care provider, the residence for the elderly or the domestic carer, instead of being paid to the user. This is a matter for the local authority to decide. But the users and their families decide who will be their provider – and may choose between employing a relative or a domestic carer, or resorting to a care organisation with the appropriate approval (granted by the local representative of the State).

As the hourly rate is fixed by the public authorities, it is cheaper to employ a domestic carer directly as there are no management costs. In addition, vouchers facilitate direct employment (no obligation of a written contract for less than 8 hours a week) and give rise
to tax deductions. However it seems that the local authorities (départements) which regulate the sector and directly pay the allowance prefer it to be transferred to service organisations (which can then provide the service to its beneficiary) rather than directly to the beneficiary (who can then use it to employ someone).

France has in fact decided on competitive and subsidised regulation for the elder care sector:

- **competitive**, because consumers’ freedom of choice (of the provider) should be respected;
- **subsidised**, since their demand is partly subsidised by public finance (through tax credit mainly, which concern only the 50% of residents who pay income tax);
- **regulation**, finally, because many public actors regulate the market. Demand measures have been crucial for the development of this sector in recent decades. As seen above, there has been a series of public policies to develop the elder care sector on behalf of employment policies. Départements are in charge of the main allowance, the APA. They can launch innovative initiatives concerning the structuring of the supply (creation of platforms entirely funded by the Département, setting prices, quality development, etc.).

This regulatory level plays an important role. **The local authorities, through this structuring of the supply and through strong involvement in enhancing quality, can improve the overall situation.** The French report for this research stressed the real political will to innovate and improve conditions. Local authorities, however, cannot modify the preferences of consumers, which most often are very elastic in relation to prices. These authorities have a potentially broad margin of manoeuvre and represent an example of a clear “market/control dual approach”.

### 2.3.2. Germany

Germany also has a long tradition of a decentralised social security system governed by social markets. Childcare is situated at the border between the public service and social market. We observed in our case studies a clear trend towards social markets under pressure from the public authorities (growing needs, but budget constraints) and parents (freedom of choice, demand for higher quality service). As in France, elder care is a social market where all providers fulfilling the requirement of the social code may compete. In childcare, some case studies show that the social protection system is changing and evolving towards a more local and market-oriented approach. This is the case of the introduction of a voucher system for childcare in the municipality of Hamburg\[13\]. In three years, the city of Hamburg changed from a centralised daily payment system to a market-oriented voucher system. The latter relies on the matching of demand and supply, which increases competition between providers and ensures flexibility and transparency, with an immediate impact on quality, according to representatives. The new system is much more individualised, and offers a wide variety of educational services. It enhances parents’ choice and develops entrepreneurial virtues. And one of the main indicators of success, i.e. waiting lists, has been considerably reduced. However, relationships are much more flexible than before, which contrasts with the former model where they were more continuous. Part-time

\[13\] Exposé by Martin Peters, Barcelona conference
jobs and temporary contracts are preferred. As one representative in fact agrees, this system favours the economically strong.

In the end, both France and Germany, countries characterised by Esping-Andersen as conservative and family-oriented, produced the same response to the development of childcare and elder care, although France seems to be much more in advance.

This approach is also to be found in countries which do not have a long tradition of a welfare state and where social services, with less family involvement, are now becoming a new economic sector. This is the case in the southern countries in our sample.

### 2.3.3. Spain

In Spain, during the Franco period, childcare and elder care remained fully within the scope of the families. Social markets developed unevenly. In the elder care sector, the recent bill proposed by the new Socialist government promotes social markets only in the case of insufficient public provision. In the infant education sector, vouchers have been introduced, as far as we are aware, only in Galicia.

Galicia seems to be the only Spanish region in which a voucher system has been introduced for parents to access private first-cycle infant schools (0-3) rather than public schools (Aiguabella et al. 2004). In Navarra, vouchers are available for the most dependent elderly (with a calculated assistance need of more than two hours per day), and recipients have to forego publicly funded care services. The amount of the benefit is clearly below market price and it is variable, depending on family income and assistance needs. The only option is to hire a domestic worker (Laparra and González 2002).

In Galicia, the government department in charge of infant education is the ‘Family, Youth, Sports and Voluntary work’ department, which corresponds to welfare. Over the years, it developed its own public regional centres (whose number stabilised quickly), contributed to the funding of municipal centres and subsidised private not-for-profit centres, as is the case in many Autonomous Communities.

In the mid-90s, the existing resources were as follows: 22 centres owned by the regional administration, 29 municipal centres, and 41 centres of ‘social initiative’ (non-profit). Towards the end of the 1990s, the Xunta (government of Galicia) decided to put some order in this publicly-funded supply and set up a network of ‘centres and resources for early childhood care’. The reason was that ‘childcare resources ... were being funded with public funds but ... operated in very diverse ways, with regard to prices, opening times and services’ (Xunta-based respondent). Providers were used to almost complete freedom, which meant that ‘they received public funding without any counterpart’. These centres were included in a ‘network’ so that they would all adjust their prices to comply with the public prices applicable to the regional centres, thus users would pay the same price regardless of the ownership status of the care provider. Providers also had to adjust their opening times to the minimum required in the annual ‘Orden’ (administrative act) regulating the subsidies. Convincing providers to take part in the network was not easy, but the regional government presumably had a very good incentive: in fact all centres receiving public funds are systematically included in the network.

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14 As education for 0-6 year-olds is not compulsory and since regional governments are in charge of developing the supply, they have organised it either under the education department or in the equivalent of the welfare department.
Although the word ‘network’ has been in use since 1998, the decisive impulse came in 2002, when the 70/2002 Decree of 28 February regulated the prices to be applied by all network providers and created the system of childcare vouchers. In the same year, a computer-based application was developed to manage the demand for infant education places – this ensured that anyone asking for a municipal place or a place in a non-profit centre could access a place paid through the voucher system in case there was no other solution. This function of common management of demand is, of course, a major function of the network. 

The voucher system thus meant that families whose children were on the waiting lists of publicly-funded infant education centres could access private infant education at public prices.

2.3.4. Italy

In Italy, childcare and elder care was also a task for families. To date, most childcare facilities (crèches) are public. The introduction of vouchers is experimental and a mix of grant and parental or enterprise payment is also being tested in recently-established private crèches. A voucher system has been introduced in some childcare facilities since 2004 in order to allow parents to choose their provider (the elder care sector was not studied). This experimentation is too recent to draw sound conclusions. It may change the balance between the different types of providers that exist nowadays (public service, social cooperatives and other providers).

One point that emerges from the case studies is that some actors, in particular municipalities, fear that this new system may lead to a decrease in quality because of an inappropriate control level and a proliferation of actors. This is an interesting complaint because it emphasises the risk that competition can involve for quality in the sphere of social services. This worry expressed by the public sphere concerns the possibility that users may be able to evaluate the service provided to them, in place of a public actor.

In the end, both Mediterranean countries have in common a long family-based tradition and only a recent trend towards public responsibility for childcare and elder care. What is apparently being tested now is the social market system.

2.3.5. UK

Finally, the UK is experiencing rapid development. Up to 1997, childcare was not a concern for the Welfare State. It was widely assumed that responsibility for providing childcare lay with parents, mainly through using the private market.

Non-health care in the UK is the statutory responsibility of local authorities. In the past, elder care was mainly provided by residential care homes. Over the past ten years or so, government policy has increasingly emphasised that care should take place in the community, hence the clear trend towards home and ambulant care. We shall study it more in detail below (see paragraph on outsourcing). But this new way of providing elder care is clearly taking on the form of a social market.
2.4 Conclusion

To sum up the national examples, France, which has a long tradition of “social commoditisation” of its social protection, has retained this system for the APA, now combining it with broad decentralisation. The German system is also largely founded on social markets. Federalism has for many years led to considerable disparities, particularly in relation to childcare cover. As in the other countries, initiatives are being developed at a sub-regional level.

In Italy, a voucher system has been progressively implemented at local level. In Spain, Galicia has also created a system that has allowed a tripling of the number of crèche places. In the United Kingdom, where the nursery care system was very underdeveloped before the present government made it a priority, initiatives are also being developed at local level in the form of social markets.

Social markets can be described as mechanisms for providing social services that rely on market principles. Social markets are a very improved mechanism that have existed for decades in the health care system in most European countries: the users have a choice of doctors and a fixed price is reimbursed. It is also widespread in the school system: private schools fulfilling quality requirements are approved by the state, and parents may choose their children's school.

The political choice of a social market system for the rapidly developing childcare and elder care sectors corresponds to an old solution that has been successfully tested for decades in more traditional social sectors as ambulant health care.

The special features of these markets are that:

- prices are fixed by an authority;
- the market is controlled by local authorities;
- the development of the supply side is supported by them as well;
- consumers are empowered by public policies in order to choose their providers. A possible result of this approach may be a proliferation of actors, with an impact on quality.

In the various countries under review, social markets are one of the most important means used to provide childcare and care to the elderly. Their advantages include:

- For consumers: freedom of choice, though constrained by the number of available places and the existence of a diversified supply.
- For the state: it defines the quality standards and the price reimbursed. This fixed price makes it easier to rein in the social budget (although the state cannot determine the reimbursable amount ex ante as this is declared ex post by consumers).
- For the providers: their position is similar to that of an actor in a non-subsidised market. This can be seen as an advantage or a disadvantage.
The disadvantages are that:

- Quality control is more difficult so long as there is no properly structured professional definition of tasks and qualifications.

- There is a risk of dualisation of society: everyone receives the reimbursement for the basic service, which leads to low prices and low-quality services for the poor, and to high prices and high-quality services for the rich.

In a nutshell, as two scholars have put it: “The social market constitutes a new organisational form of the care system, characterised, in essence, by two fundamental innovations: on the one hand, the insertion of competitive rules in the relationship between public financiers and private service providers, and, on the other, the encouragement of the capacity of self-organisation of the members of a given community in order to respond to the need for assistance. To put it simply: more market and more choice for citizens and families.”

To conclude, a “social marketisation” of childcare and elder care seems to be a common response in the five countries in our research. There seems to be a sort of tacit consensus among the users (who want freedom of choice), among the providers (who want to develop a private sector, for profit and not-for-profit), in the State (which can more easily control the evolution of social budgets), and in the local authorities (which play an important role in defining the terms and conditions requested by the providers). **The counterpart to this tacit consensus is that a social market of this kind does not guarantee either equity or quality. It might be interesting for public and democratic life that this consensus should become explicit. In this case, users and providers could also demand equity and quality in a public debate.**

### 3. Contracting-out: practices and issues

The previous section was about subsidising demand through the social market or the development of a “purchaser-provider” model. Another complementary tool for funding relational care services – but also new “societal” services like social mediation – is by subsidising the supply or, more basically, by purchasing it, i.e., public authorities purchase services from private providers.

In the particular context of these services, this last possibility means maintaining a public monopoly (otherwise there would be a social market), but with a management method that does not depend on the public sector, in other words relying on mechanisms of outsourcing or the creation of new services of general interest outside the public sector itself.

Contracting-out refers to the dramatic reduction in the direct provision of relational and care services by local authorities or the welfare state. These services tend to be outsourced or contracted-out to the independent sector (third sector and business), while local authorities continue, however, to act as the coordinator, planner, regulator and co-financier of the services. They act in partnership and network with the central state, other local authorities, organisation umbrellas, public services, etc.

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15 Ranci and Pavolini, op cit.
Local authorities buy the service under contractual arrangements with the direct providers. This is often a way of controlling public expenditure and of passing the responsibility onto local providers, although the local authority remains responsible in the last resort for service provision, as is the case in Italy. The procedure generally involves a tendering process to select the provider, entailing a competition between providers.

Contracting-out may also take place without competitive tendering, by means of agreements with specific third sector organisations whereby the latter provide a public service. In this case, there is also competition between these organisations to be entrusted with providing the service, but it is much more informal and possibly based on populism rather than on market power.

In the following paragraphs, we will endeavour to assess the complexity which is introduced by contracting-out practices. This complexity often emanates from the tension arising from the hybridisation of different approaches and from the irreducibly interpersonal nature of relational service as well: the economic and budgetary approach underlying contracting-out practices may enter into conflict with the logic of human need at the core of relational services. Who renders the service is an issue which cannot be bypassed. It is in this sense that the outsourcing or contracting-out of this kind of services cannot be dealt with on a par with that of other economic services, for instance knowledge or IT services supplied to industries. This should not be forgotten in this analysis.

3.1 Two major tendencies

Two major tendencies have been observed in contracting-out: the creation of new services outside the state apparatus (i), and the outsourcing of existing services (ii).

(i) On the one hand, new services are being created outside the State apparatus (public servants), though they nevertheless remain under some state control or intervention. A new area of governance is emerging where private actors intervene but are linked in one way or another with the state and its institutions or with local authorities. This creates complex configurations with many actors. However, as we argued earlier, this multi-actor configuration, with in particular an important role given to the third sector or non-statutory agencies, is not radically new; rather it is an approach which shaped much of the development of welfare services in countries like France, Germany and the UK. This form of contracting-out can appear with new non-welfare services such as social mediation, as the case studies in France or Italy will show.

These new services emerge from many sources. They actually function as some kind of communication vessel between the State apparatus and the actors outside it.

The main driving forces are to be found in socio-demographic trends. For relational services, families tend to outsource tasks which were hitherto accomplished within the family circle. We propose to speak here of “new domestic needs”. They are not provided by the public sector but by private actors, which can have contractual links with the public sector when the service is of public interest (care services). Of course many other services are provided on an entirely private for-profit basis, without any contractual relations with public authorities.

The case of social mediation seems, by comparison, to be a public response to “new societal needs”, the implementation of which has been given to private agencies.
On the other hand, contracting-out also concerns existing services, which tend to be outsourced by the state apparatus to various actors. The main reason for this transfer is cost.

Contracting-out, when it amounts to outsourcing existing public services, substantially changes the nature of the service, of the jobs and of the relationship with users. A Catalan study (Alemany et al., 2003) has pointed to the loss of multi-disciplinary teams characteristic of social services located in local authorities, the parcelling of tasks, the loss of autonomy of professionals, which ultimately impact on the relationship with users. Similarly Resca and Sbordone (2004) remark that local authority staff are more and more aware that the lack of direct involvement creates serious problems in their evaluation and there is, really, a risk of quality decline, notably due to the motivations that guide social market operators. Above all, competitive tendering often makes it compulsory for providers to compete on the basis of **cost-effectiveness principles** (often in a framework of fixed or maximum prices) whilst respecting strict accreditation criteria, which directly impacts on the structure of the providers able to compete and on employment conditions, which become one of the only sources of flexibility for providers. Depending on how contracting-out is organised, it may give rise to a proliferation of actors competing for small shares of the market, or on the contrary favour large providers on large contracts. The consequences are likely to be different for the workforce. The governance of contracting-out is therefore a key point, which reaffirms the importance of public action and regulation.

In principle, local authorities can define their tender specifications to take account of the employment and working conditions of their providers’ staff, although the fact that tenders already specify prices, qualification levels, the content of the service and even internal management procedures, means that it is not very likely that providers are left with some margin of manoeuvre regarding employment and working conditions.

In both cases (creation of new services and outsourcing of existing services), the state remains strongly present, at different levels and according to different rationales. This presence can express itself through:

- Public financing
- Public regulation, with a strong role played by local/regional levels
- “Initiatives” (with regard training, promotion of the sector, etc.)
- Shared development
- Structuring of networks (common agencies, etc.).

In addition, an important fact to focus on here is that the actors/operators of these new services – whatever their legal status – do not emerge spontaneously. Private operators do not rush into this business; third sector initiatives need to be sustained by public involvement, and for-profit actors are often reluctant.

As a result, various forms of private/public partnerships emerge as a continuum of different kinds of arrangements between different actors with unequal weights. To draw on the notion of “hybridisation”, it is clear that these configurations can be conceived as “hybrids”, with the complementary and/or conflicting presence of different actors and principles of action: those of the public sector, of the third sector and of the private-for-
profit sector, not to mention the special role of families and final consumers in relational service relationships.

We will now go on to provide some national examples, stressing the innovations that these contracting-out practices have helped develop. The development of contracting-out is particularly striking in Spain for childcare and out-of-school activities, and in the UK for care work. The Italian case is interesting in that contracting-out relies on social cooperatives to employ the workforce, and on the pooling of private organisations in order to achieve more efficiency in the tendering procedure. In France and Germany, the contracting-out approach has for long favoured the private not-for-profit sector, which can be seen as the mainspring of the state in welfare service provision. The place of for-profit companies is, however, growing.

In line with the above distinction, we will first look at the contracting-out of new services, like out-of-school activities in Spain and social mediation in France and Italy (3.2.). We will then analyse the contracting-out of existing services in the UK and Italy (3.3.).

### 3.2 Contracting-out new services

In the different countries reviewed, a common tendency is to contract out new services, that is, services which are purely innovative in themselves in the sense that they did not exist before. These new services are created outside the State apparatus (public servants). Nevertheless, the State or public authorities keep considerable control over these social services. This is the case, for instance, of social mediation in France and Italy, and infant education and educational leisure services in Spain.

These new services are created as new needs emerge that must be addressed by the authorities. However, this public response is not direct but delegated to private actors, in the not-for-profit or for-profit sectors, through its purchase by public authorities. The “contracting-out” mechanism consists of a process of tendering, where providers compete to win the contract. The idea underlying this process is that actors from the field, in particular associations, may have considerable expertise and experience of the provision of such services, and that it is more efficient to outsource such a task to the market rather than to provide it internally. An additional fact, which our research has confirmed, is that costs are also reduced by the competition approach underlying public tenders. In most cases, also, conditions for workers worsen in order to be more competitive. This can result from poorer collective agreements in the private sector than in the public sector, as in Spain. In a context of pressure on social budgets, this approach is not surprising, but it is very worrying. The argument that contracting-out promotes cheaper modes of provision must be analysed from the point of view of the sustainability of this method of developing the services market. We will see that working conditions for workers are sometimes simply not included in tenders, as if the HR aspect was not relevant in this economy.

We shall now analyse more precisely some examples of contracting-out processes for new services.
3.2.1. Spain: out-of-school and childcare services – new services under the contracting-out approach

In Spain, contracting-out has become a dominant mode of organisation of childcare services and some segments of educational leisure and out-of-school activities. It may concern either the whole service or parts of it (e.g. the provision of support, kitchen and maintenance staff in infant schools owned by a local authority). **As contracting-out in the regions and sectors studied usually applies to new services, the rationale for contracting-out is rarely made explicit and usually does not give rise to any debate.** The only identified case of tension, or even conflict, relating to this issue is where an existing public service was re-organised partly with the contracting-out of a new function (support staff).

Contracting-out can take place through the organisation of public tenders, when the contractor is a public administration. Although they are declining, there are still other modes of contracting-out by public administrations in Spain, namely partnership agreements with non-profit organisations in the social services sector. However, in practice, as will be shown, the differences with contracting-out are minimal, and the implications for staff are similar. There are also cases of subcontracting by private organisations, on the basis of specifications defined by the contractors, but without any resort to public tenders.

**Contracting-out does not necessarily occur through competitive tendering. Specific agreements can still be found between local authorities and private organisations for the provision of a public service.** For instance, the organisation of a municipal service for the integration of immigrants and refugees in Barcelona (Servei d’Atencio a Immigrants, Estrangers i Refugiats – SAIER), entrusted since 1989 to a consortium of five organisations co-ordinated by a private company. The agreement is renewed on an annual basis, which has implications for the contracts of the staff employed (temporary contracts renewed annually).

**Despite the lack of explanation on the contracting-out option, it is usually quite clear that the main rationale underpinning it is a cost-saving rationale, as well as the unquestioned assumption that public employment should not be increased.**

Only in one of our case studies, in a municipal network of infant schools (‘escoles Bressol’), is the local authority creating new schools staffed with civil servants and staff employed by the authority. But this has been achieved after negotiating a completely new organisational model which has allowed for the reduction of the average size of school teams and the contracting-out of the provision of support staff (see below).

**Contracting-out can be specifically authorised and encouraged by the regulatory framework.** This is the case, for example, for lunchtime services in Catalonia where Decree 160/1996 allowed schools to provide such services either directly or by subcontracting to a catering provider, but clearly encouraged the latter.

The issue (whether to opt for direct public delivery or to contract out) is in most cases ignored in regulatory texts, however public funding conditions for the services reviewed certainly encourage contracting-out. Thus the recent law on the creation of 30,000 places in infant education (0-3 year-olds) in Catalonia provides for the contribution by the Autonomous Government of € 5,000 per infant education place created and up to € 1,800 per place and per year for operating costs. This is a substantial increase with regard to previous contributions, but our own calculations show that the cost of a public infant education place, in a centre staffed with public sector staff, is between € 5,150 and € 7,300

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16 Source: Fundació Catalana de l’Esplai (2001). *Análisis de competencias profesionales de los educadores y educadoras en el tiempo libre especializados en el comedor escolar.* FCE.

per year, whereas the cost in centres managed by private sector (non-profit) operators is between € 1,800 and € 3,800. The differences within the public sector and within the private sector are mainly due to the different options in terms of staff ratios, which is of course a significant indicator of the quality of the care provided (although by no means the only one)\textsuperscript{18}.

The cost rationale generally underpinning outsourcing decisions is possible, first of all, because of the very low pay conditions in the collective agreements of the private sector in the sectors concerned. The national collective agreement for care centres and infant education centres provides for particularly low wages; in addition, the relationship between qualification levels and wage categories is unclear. For example, staff with a two years vocational training degree as ‘higher infant playground technician’ should normally be placed in the corresponding category, but, as there is another, lower, category (‘specialised technician’), staff with this VT degree are more often placed at this lower level. Gross monthly wages for these staff members, who account for the majority of staff in private infant education centres, are thus € 652 or € 683 (x 14 months) for a full-time position, i.e. annual gross wages are either € 9,128 or € 9,562.

In the public sector, collective agreements differ from one authority to the next. In addition, in some authorities, a teacher qualification is the norm. But, for example, in a centre under the Galician administration, staff with a higher technician qualification earn € 23,181 gross per year (€ 1,656 per month x 14 months), about 2.5 times what staff with the same qualification and position earn in the private sector\textsuperscript{19}.

Lower costs are not only obtained through lower wages, but also through employment conditions which tend to strictly follow the activity pattern, and thus fully transfer the insecurity derived from these patterns of activity onto the shoulders of staff. Private providers of infant education and educational leisure tend for example to resort to temporary and/or part-time contracts:

- Temporary, in order to follow the seasonal pattern of activity – for example, leaving out the summer months in the infant education sector, or in educational leisure programmes at school; and

- Part-time, in order to follow the daily pattern of activity: lunch hours for support staff in schools, and morning hours in the infant education sector as many parents do not leave their children in the afternoon.

However, it must be noted that these conditions do not differ from those generally applying in the private sector, whether the services are paid via a contract, via a subsidy, or on a market basis.

The worst employment conditions are found in the case of contracting-out of support services (e.g. lunchtime educators), as the number of hours can be very small (usually 3 or 3.5 hours a day for lunchtime educators) and contracts are usually for 10 months.

These points will be developed further later.

\textsuperscript{18} See the Spanish report for more details on this point.

\textsuperscript{19} We are not at all suggesting that wages in the public sector are ‘too high’. The National Institute of Statistics also publishes the Eurostat data on Parity of Purchasing Power in Europe, which show that the average wages in Spain are lower, from this point of view, than the European average. Thus the PPP average for EU-15 in 2002 for men was € 32,442 and the PPP for EU-25 was € 29,571. The PPP for Spain (men) was € 25,183.
3.2.2. The case of social mediation in France and Italy

Another “new” service whose development is based on the contracting-out approach is social mediation. In France and Italy, this sector is interesting as it shows how new activities which could perfectly well have been provided by the State have actually been delegated to private bodies. This has occurred mainly for two reasons:

- the expertise of the contracted associations, following a “subsidiarity” principle;
- a cost-saving strategy, similar to what happened in the previous case of occupational leisure activities for children in Spain.

In both countries, however, a noticeable fact is that the State and local authorities have a leading role in coordinating these activities. They actually create the market and the conditions for its development.

a) Italy: Bologna Sicura project (ITCS6)

The “Bologna Sicura” project was a complex and articulated plan directed to increase the safety of Bologna. It was complex and articulated because there were different areas of intervention. Specifically: a) “environmental prevention” (town planning schemes and territorial controls to prevent criminal activities); b) “sense of community” (a stronger sense of community as a way to reduce conflict with those who are different); c) “reduction of damage” (attempt to intervene in relation to social hardship and deprivation (i.e. prostitution) that lead to illegal activities); d) “social representation of safety” (sometimes the perception of a lack of security is not related to the real situation or specific context). However, in 1999 the political orientation of the city authorities changed and the “Bologna Sicura” project was dismantled to a large extent. Only the social mediation area has been maintained, although it is not inserted any more in a comprehensive arrangement.

“Bologna Sicura” was supported not only by the city authority but also by funds collected at national level, at regional level and at European Union level through the project instrument. This involved training programmes and fixed-term contracts for employees engaged in these projects.

After some years of snowballing of fixed-term employment contracts, the Bologna city authorities decided to cut them drastically. Normal recruiting through open competition was not applied to transform all fixed-term contracts because of budget constraints. Therefore some contracts were not renewed and, in some cases, for instance social mediation, the services were contracted-out, giving workers the chance to compete for them by establishing a social cooperative or other kind of company, or by being recruited by other actors interested in these services.

Social mediation and the services that can be considered in this domain (reintegration and assistance of former drug addicts, prostitutes, vagabonds etc.) are based more and more on projects in which local authorities play the role of coordinator. That is, at first services are planned, the possibility of obtaining funds (EU, national and regional level, foundations, etc.) is examined and a tender for contract is organised. Moreover, this is a sector in which voluntary work is common.

“Associazioni temporanee d’impresa” (temporary partnerships between business) are, more and more, the protagonists of these tenders (see box below). Usually projects require a series of competencies, skills and expertise that are not possessed by a singular company. Therefore, they join together in these “Associazioni temporanee d’impresa” (usually these
companies are social cooperatives and all of them are members of the same cooperative league) in order to have good credentials for competing for tenders. This has two important effects: 1) the reduction of the number of competitors and the risk of creating monopoly positions, and 2) a context in which there are good chances that services will be provided properly.

There is almost an ingrained level of conflict among actors involved in service provision, at least in this phase of service provision governance. For example, a drug addict is not only followed by the social service sector but also by health agencies because of his/her state of health. Moreover, it is not rare that he/she has legal problems and the prison system is involved too. Social mediation is seen as an instrument for connecting these different sectors in order to have a comprehensive approach to these phenomena and a certain level of conflict between the sectors is predicted.

An original initiative in governance and contracting-out processes in Italy: the role of “associazioni temporanee d’impresa”

The role of “associazioni temporanee d’impresa” (temporary partnerships between businesses) in Italy seems very interesting in the Bologna Sicura Projet. “Associazioni temporanee d’impresa” are, more and more, the protagonists of these tenders.

“Associazioni Temporanee d’Impresa” (A.T.I.) are a kind of joint venture in which a company leader represents a group of companies in order to bid jointly. This is a specific legal form provided in Italian legislation, but acknowledged by an European directive to give even smaller enterprises a chance to compete for public works as A.T.I. cannot be involved in any kind of production process and is just established to bid for tenders.

There is also another reason to turn to A.T.I.: projects usually require a series of competencies, skills and expertise that are not possessed by a singular company. It could happen that a small social cooperative is not in a position to provide a service from top to bottom, but is specialised in a part of it. In this case, A.T.I. can be a solution if our social cooperative is able to combine forces with other companies to provide a competitive full service. In this case, being a member of a trade association or other associative form could be important. For example, social cooperatives set up A.T.I.s consisting of members of the same cooperative league. This phenomenon has two important effects: 1) a reduction of the number of competitors and the risk of creating dominant positions in the market, and 2) a context in which there is a good chance that services will be provided properly. Concerning point 1), our respondent suggested that the specialisation of service provision and the importance of territorial knowledge restrict the number of competitors, thus hindering the proper functioning of market forces. On the other hand, service provision can be organised on the basis of specialised providers guaranteeing a high standard of service.

The A.T.I. instrument is used even in crèche services. CADIAI, for example, is the leader of an A.T.I. named “Karabak”. “Karabak” consists of five cooperatives, all of them are affiliated to the same cooperative league. Other than CADIAI, the members include another social cooperative specialised in baby care and elder care, a cooperative dedicated to catering, a cooperative offering services in facility management and a consortium of more than 500 companies involved in the construction sector. It is clear that this A.T.I. can design, build and manage a crèche, and was in fact entrusted with the construction and management, through the project financing procedure, of two crèches in the district of Bologna.
b) France: social mediation: contracting-out to private not-for-profit organisations

In France, social mediation is an activity which emerged and has not stopped growing since the end of the 1990s. There is a strong culture in France where the State encourages the creation of not-for-profit activities, through subsidies given to employers if they recruit people. This takes place in the framework of employment policies. Subsidised employment in public organisations and associations has been a key strategy for the last twenty-five years, but with disputed effects. All labour contracts without exception come under labour law. A major scheme involved the so-called Emplois-Jeunes, in 1997 and 2002. They had a considerable effect on the launching of RS, especially in the mediation sector. The effects have been less important for elder care as the sector does not traditionally recruit many young people or newcomers on the labour market.

At the beginning, the public Emplois Jeunes scheme, aimed at supporting job creation in the non-profit sector for young people, provided a real boost. This scheme fully financed the jobs, which were limited to a five-year contract, and this resulted in a massive job creation in local associations or public authorities. The initial approach was, furthermore, to link this job creation in the non-profit sector to a public drive to satisfy new societal needs with respect to education, ecology and social relationships between people. This is why the job of social mediator was created, with the aim of providing a public “presence” in urban areas where the feeling of insecurity is high. Social mediators have a preventive function vis-à-vis potential conflicts between people. Social mediation has been devised as a useful tool by local authorities to try to restore broken social links... even though they do not have always the capacity or legitimacy to do that.

The fact is that many local authorities worked in close connection with local associations which directly employed social mediators. These partnerships between local authorities (which laid down the rules) and the associations (which were the direct employers) are well illustrated by the case of FRCS 16.

FRCS 16 is a association which provides mediation services in the subway in Lille, and which was created from scratch in order to provide this service. At the origin, a “local contract for security” was signed between the local authority and the transport company. This agreement stated that the latter should employ several social mediators to work in the subway. Rather than directly employing these mediators, the company decided to set up an autonomous association providing social mediation activities, in partnership with other local companies. The establishment of an association was more interesting for tax reasons and in order to have the right to benefit under the “Emplois Jeunes” scheme. Thirty-two jobs for young people were created after 1998; the year afterwards, 178, and in 2000, 200 jobs were created. In 2005, the total size was about 400 workers. Any evaluation of this experience must take account of the fact that the city of Lille was a real “showcase”, as its mayor was also at that time the Minister of Employment who invented the “Emplois Jeunes” scheme.

Because of the increase in damage to the subway, the transport company wanted to reinforce its security and contracted with a private company to raise the number of social mediators by 70%. This subcontractor created an association to recruit mediators, and hence provides the same service as FRCS 16. Rather than the two associations competing, the market of mediation services in the subway stations (approx. 60) is equally divided between them. Recruitment, training and professionalisation of jobs are dealt with under a common agreement between these two associations and the suburban transport provider. In addition to them, the public employment services, local authorities and state representatives at local level take part in the overall effort and funding.
FRCS 16 is a good illustration of the case of a specific public/private partnership, where the state establishes the conditions for the creation of jobs, where local authorities promote the development of a new service in partnership with a private company, and where other public actors like the PES can intervene. Other examples are described in the French report concerning the development of social mediators and support for the associations employing them in the cities of Dunkirk, in the north of France (FRCS 17), and in Lyon (FRCS 18). The partnership and financing mechanisms between different actors – private for-profit, not-for-profit, local authorities and the state – each time illustrate the complex “outsourcing” approach behind the development of this new service – social mediation. The point made in these case studies is that the impetus by the local authorities is vital. They have a twofold interest: on the one hand, providing a new service with the aim of responding to inhabitants’ needs with respect to security; on the other, creating low-skilled jobs which will often benefit mainly the young people living in the city.

In terms of governance, the partnerships between associations and local authorities are based on contractual agreements which stipulate the means, main strategies, objectives and targets. FRCS 17, for instance, used to be a socio-cultural and leisure centre, which has had a contract with the local authority since 1993. At the end of the 1990s, urban policies became more important and the organisation benefited under the Emplois Jeunes scheme in order to intensify its activity. Since 2000 there has been a multi-annual agreement between the local authorities, the Département, social insurance organisations and these leisure centres, defining the main strategies and targets to be achieved. A process of evaluation is defined as well. For the FRCS 17 managers, this agreement enables them to engage in a longer-term vision, which was not the case beforehand.

The French and Italian case studies show examples of subsidy and public support for the supply side. The providers are even created ex nihilo in the French case, which then go on to work in close partnership with private companies and public authorities. The phenomenon of outsourcing is very clear in the field of social mediation, which is an “innovative” service in itself, though not a “care” service as such. The case of childcare and elder care services is further explored in the following paragraphs, which deal with the outsourcing of existing services.

3.3 Contracting-out existing services

The previous paragraphs analysed the process of contracting-out new services, i.e. services which are radically innovative, such as social mediation or educational leisure for children.

The same process occurs for existing, or traditional, services, such as childcare and elder care. The reason behind this process is the cost-saving rationale, as well as the will to make the services market more “contestable”, that is, to encourage new providers to enter the market as a key to improving the services. In the UK, for instance, it is explicitly said that “Alternative providers can also help drive up performance across the service as a whole, even where the individual citizen does not gain a wider choice as a result. Widening the market to create more suppliers of public services (contestability) can improve the quality of management and value for money” (ODPM Reforming our Public Services, p. 24).

This country illustrates how contracting-out can be fostered in order to develop the supply and thereby answer growing needs and an expanding demand. In the UK, there is a long-standing trend towards contracting-out of services by public authorities including local
authorities and the health service in England, which reflects central government (rather than local authority) directions and budgetary controls. The Blair government has also embraced the policy of contracting-out services, but the notion of ‘Best Value’ was introduced. Under Best Value, factors other than cost also need to be taken into account. The current government also suggests that the private sector can learn lessons from the public sector (see, for example, Reforming our Public Services).

With regard to the childcare sector, it has been widely assumed in the UK that responsibility for providing childcare rests with parents, mainly through using the private market. In this context little exists which could be contracted out. It is considered that the additional childcare envisaged in government plans will be delivered by expanding existing providers. The local state is likely to take on an increased planning and leadership role, but its role in direct provision is expected to remain limited to working in partnership with the private and voluntary sectors.

As outsourcing is not a particular issue in childcare, we focus in the next paragraphs on care for the elderly, emphasising the logic underpinning the rise in contracting-out.

3.3.1. Care for the elderly in the UK

Here again, historically, provision has often been unpaid and comes from the family. Paid-for-care has been provided by a mix of public sector and private sector organisations. The private sector being particularly strong on the care homes side, but local authorities have been major providers of care in many areas of England. Following, the Griffiths Report (1988) and the NHS and Community Care Act (1990) the role of local authorities in relation to social services, including elder care, began to change. They retained statutory responsibility for, and oversight of, community care, but there was an assumption that, rather than providing services directly, “local authorities should become planners, commissioners and enablers, ensuring services are provided but largely by other agents in the mixed economy of welfare.” It was assumed by central government that direct provision by local authorities would decline and that provision via the independent sector would increase. The data suggests that is, indeed, the case.

In line with our case studies in elder care we focus on domiciliary care services. Here, between September 2000 and September 2004, the proportion of hours provided by the independent sector rose from 56 per cent to 69 per cent, with the number of households receiving home care from the independent sector increasing by 24 per cent in the same period. The situation varied between regions and between authorities within regions. In the North-East, the independent sector delivered 61 per cent of contract hours and 58 per cent of households received care services from the independent sector, whilst in the East of England, the figures were 79 per cent and 75 per cent respectively. Within the North-East the number of contract hours delivered by the independent sector across local authority areas ranged from 27 per cent to 83 per cent. In the East of England, the range was 45 per cent to 100 per cent.

20 Cameron, C. and Moss, P. (2001), op cit, p20
21 See, for example, http://www.everychildmatter.gov.uk/earlyyears/
In the three local authorities which featured in our elder care case studies UKCS4, UKCS12 and UKCS13, the figures for independent sector delivery, according to the Community Care Statistics\textsuperscript{23} in September 2004, were respectively 39%, 94% and 73%.

The implications of the growth in outsourcing of care work to the independent sector are explored in UKCS1–UKCS4. Our case studies explore four organisations within a single local authority which deliver domiciliary care: the local authority itself, a for-profit limited company, a charity and a not-for-profit limited company.

According to a local authority social services manager interviewed in UKCS4, the authority sees itself as increasingly becoming a strategic commissioner rather than a direct provider.

“...since the early 90s we have gradually come out of direct care provision and the work has gone into the independent sector. Certainly that applies with care homes and home care services. It has been gradual but sustained and we anticipate that it will continue to increase as we withdraw from direct services provision to commissioning people to do it for us.”\textsuperscript{24}

Interestingly, at the time of our case study interviews, over half of the nineteen thousand hours of social care (excluding care delivered by family, friends and neighbours) provided in the city every week was still delivered by the local authority. This allows us to compare the terms and conditions of public sector workers with those in the independent sector.

**This process of tendering out, in brief, involves establishing the amount of care required in the area for which the local authority is responsible, the nature of that care, the unit costs of delivering that care, publishing of tenders to attract organisations to provide that care, with a set of criteria against which tenders will be judged. A key criterion is price.** The authority sets the price based on the above and on the resource available following the local authority budget-setting process, though there is some room for negotiation. Clearly the final price will depend on the relative power of the two sides in negotiation. **Those tendering need to be able to deliver care at the agreed per-hour rate.** Price per hour varies between authorities and this is partly determined by local market conditions – ‘market forces’. At the time of our interviews the local authority in UKCS4 offered £8.06 per hour of domiciliary care, though this was expected to rise to over £9.00 per hour. A neighbouring authority by contrast offered closer to £10.00 per hour.

**It should not be assumed that a market will automatically operate in areas such as domiciliary care when the public sector seeks to outsource the services.** In the local authority area considered in UKCS1-UKCS4, there were initially few organisations able to offer a significant levels of domiciliary care when the process of outsourcing got under way, and the local authority, which had previously delivered most (non-family-provided) domiciliary care, effectively had to create the local market. **The local authority assisted companies** (including the social enterprise and the charity considered in UKCS1 and UKCS2) **so that they could put themselves in a position to tender for work.** Notwithstanding this, at the time of our interviews there were only six organisations tendering for the work. All but one were relatively small local organisations, three charities, two private for-profit and one social enterprise, operating only in a single local authority area. The exception was a private for-profit company which offered services to several local authorities.


\textsuperscript{24}Local authority social services manager UKCS4
authorities in the region. There were no national players involved. The small number of providers was said to give the firms a relatively strong bargaining hand with the council, though the actual price settlement suggests that there are limits to that strength. At the time of our fieldwork, the authority was going through its three year re-tendering process and was hoping to extend the number of providers (by two or three) and to draw in larger extra-regional firms. The lack of a diverse and vibrant market for domiciliary care was also apparent in our other case studies which covered outsourcing (UKCS12 and UKCS13). Even where around ninety per cent of work was outsourced, our respondents were seeking to stimulate the market and bring in new players and were finding it particularly difficult to establish healthy markets in more rural areas. This suggests that the growing power of larger firms in the care home sector is not yet reflected in domiciliary care.

A number of other factors are taken into account in addition to price. The local authority requires a range of information from tendering companies, including information on how they operate, how they are constituted, quality assurance standards, health and safety standards, staff numbers, training provision and equal opportunities. One thing which the local authority cannot control as a commissioning body is wage rates or other terms and conditions of employment, apart from equal opportunities and ensuring that at least the minimum wage is paid.

The Italian case we will now analyse is interesting for it shows a process towards contracting-out strongly favoured by public authorities, in a context of restraining of social expenditure. As in the UK where social enterprises have acquired a growing role in the delivery of public services, in Italy it is social cooperatives which are more and more involved in the provision of these services.

3.3.2. Italy: contracting-out in childcare

In Italy, agreements between public authorities and private providers used to be quite common in the provision of welfare services. User associations in particular were frequently involved in such agreements, despite the tension between their political and provider roles. At the beginning of the ‘90s things changed dramatically and public tendering was introduced, due to pressure because of a lengthy series of corruption cases, the introduction of regulations at European Union level and budget restrictions. Different types of providers seem to be able to take advantage of this new framework in different regions. In Emilia Romagna, social co-operatives have increased their market share to the detriment of user associations. On the other hand, in Lazio, the contrary has happened. Social co-operatives are said to suffer from competition from user associations because of the greater level of flexibility of the latter (d’Albergo, 2003). One thing that could explain this important distinction is the different legal system (each region can make laws on this matter), the different structure of the so-called third sector and the role of volunteers, who may in fact be undeclared workers (Resca and Sbordone 2004).

The legal framework and regulations have strengthened the trend towards contracting-out. As seen below, in 2002, Art. 19 of the Financial Act prevents all public administrations from recruiting employees (with exceptions) because of national budget constraints. This is a source of inflexibility and rigidity for organising services, which has led to considerable recourse to outsourcing.

This phenomenon is typical in childcare and small local authorities where services are subject to significant changes from year to year due not only to birth rate variations but also
to applications from people who reside elsewhere but are employed in the municipal area and find it more convenient to use crèches nearby her/his workplace.

Moreover, the nature of the job and the prevalence of female employees render personnel management difficult. Infectious diseases, maternity leave and burn-out are common in this context, making it necessary to be able to recruit crèche staff easily. Looking at the Province of Bologna (the Province consists of 60 districts), the presence of the district of Bologna is an obstacle in this respect. The reason is the fact that, because of the size of this district (at the moment there are about 900 crèche employees), trade unions play an important role and have significant bargaining power. This can guarantee better conditions for the Bologna district personnel compared with small districts. Temporary employees therefore prefer to register on the Bologna employment list rather than on the lists of smaller districts. Moreover, Bologna is easily reachable by public transport compared with, for example, out-of-the-way districts. All of this has contributed to creating problems for the latter, especially as regards recruiting the necessary workforce.

A solution for this issue was to turn to social cooperatives, despite the recourse to temporary staff. In this way, social cooperatives are in charge of recruiting the required workforce. This is, of course, an efficient scapegoat. However, it creates problems among employees as part on the personnel is recruited according to the local government collective agreement, and the other part according to the social cooperative collective agreement which offers worse conditions. This creates inequalities that adversely affect service provision.

At this point, the complete outsourcing of crèche services can be seen as a solution for small districts for a number of reasons, in particular:

1) it allows some human resources to be dedicated to other institutional tasks;
2) it enables the organisational complexity of the district to be streamlined, focusing more on service monitoring and management than on service provision;
3) it allows services to be supplied in a more flexible way, guaranteeing continuity of provision.

The last point is regarded as the most important one. According to the information collected during the case studies, the biggest concern for public servants is to be able to respond promptly to citizens’ needs and to ensure the continuity of service provision.

Unusually, cost-cutting was not one of the main arguments underlying the decision to source services. Even though this solution enables expenditure to be reduced because of various collective agreements applied to local government employees and social cooperative employees who usually run crèches, contracted-out as indicated in Phase Two of this study. But this argument does not seem so decisive for crèche service outsourcing. The case of a crèche in which employees of a social cooperative earn the same wage as they would if they were local government employees because of an agreement with trade unions, can therefore be mentioned to illustrate this unorthodox point.

Educational coordinators, educational projects, the role of parents and training are the elements that drive municipal districts to manage and monitor crèche service provision all the same. Educational coordinators can be self-employed or employees in both the private and public sector (municipal districts). However, they are all coordinated by the public sector and are in charge of educational project implementation that constitutes the backbone of service provision. Moreover, parents are also involved in crèche governance, representing an important instrument of service monitoring. Provinces, through their educational coordination institute, contribute to guaranteeing service standards. As far as training is
concerned, both local government employees and social cooperative or private company employees are generally involved in the same programmes.

All of these initiatives are, to a large extent, regarded as suitable countermeasures to prevent a decline in service provision and guarantee similar conditions in any crèche of any type. Furthermore, the fact that statutory responsibility remains with municipal authorities is another important element of control. In small districts, it is common for citizens to complain to the mayor in the case of problems. As has been already mentioned, infant care is a very sensitive issue in terms of public opinion.

3.4 New pillars of the social state?

The necessarily limited nature of our research does not allow us to draw overly ambitious conclusions regarding the evolution of social state models.

On the basis of what we have discovered we can, however, say that:

- The family-based social state appears to be in decline everywhere. This does not mean that the characteristics identified by Esping-Andersen have disappeared. But in the five countries studied, childcare services have become a major concern. The Lisbon Strategy of increasing the female employment rate and the concern with combating the falling birth rate have led states and local authorities to improve their early childcare provision. With the exception of France, childcare services were considered to belong to the private sphere. There has been a clear change in this respect in Germany, Spain, Italy and the United Kingdom. It is very recent and hence little studied. In the United Kingdom it dates back clearly to 1997 and the launch of a national development programme for these services. In the other three countries, there is no symbolic start date but the same trend is also clear. In Spain and Germany, the initiatives we have observed date back to the first few years of this century. In Italy the trend appears to be more recent still. Although Rome embarked on an ambitious policy of crèche development in 2001, the other sites studied seem still to be faltering.

- Likewise, services for the elderly appear more and more to be leaving the family sphere. France has taken the most striking measure with the introduction of the APA. Germany has introduced compulsory insurance for the dependent (Book 11 of the Social Security Code). The United Kingdom has changed from a policy of providing institutional-based care to a policy of home care services, under the responsibility of, but not necessarily provided directly by, local authorities. In Spain and in Italy this sector was not part of our fieldwork but the national and regional employment figures indicate rapid growth in this sector.

- The method of funding these new services, that are part of the social state, no longer corresponds to the classic Bismarckian/Beveridgian division. There is nothing Bismarckian in the system as the funding does not come from wage taxation and does not follow a branch-based approach. From the Beveridgian model it retains funding via taxation, insofar as the subsidies come either from the national budget or local authority budget. But these services do not systematically correspond to a universalist logic. Benefits such as the APA or those governed by book XI of the German social security code are aimed at the whole population but under a complex system of resource conditions. As we have seen, social markets do not respond to a universalist
approach. Local management of childcare services in the majority of countries studied produces considerable regional disparities.

Finally, we appear to be witnessing the birth of two new pillars of the social state:
- the right of the elderly to benefit from more or less extensive services associated in particular with dependency;
- the right of parents to benefit from a crèche and childminding service for very young children.

The extent of these rights, which form part of the approach laid down by the Lisbon Strategy, varies according to the State, but they lead to a radical questioning of social states as being predominantly family-based. No longer linked to having a job, they sound the death knell for the Bismarckian method of funding and management. However, they do not by the same token signify the victory of the Beveridgian model. In fact, the method of managing these new services via social markets or outsourced services of general interest and the strong involvement of local authorities in their funding is resulting in very decentralised management of these new services. They thus appear to be part of a subsidiarity approach. The European Union defines objectives through the Lisbon Strategy. The Member States, in general, define the national framework and put in place part of the financial resources. The local authorities play the role of regulator, co-funding and tuning the level and real content of the services actually available to citizens.

3.5 Conclusion

In all the countries studied, we have noted that, predominantly, new services of general interest are being created outside the public sector. Thus, in Spain where the social state is least developed, crèches and nursery schools are undergoing rapid development, but they take the form of non-profit associations whose main resources and initial investment budgets come from public funding. In the United Kingdom, the development of services for the elderly also follows this route. Local public authorities are both the regulators and the sponsors of this new service. In Rome, the city council has a very active crèche development policy. The main thrust is aimed at public crèches, but since 2004 this is being extended via outsourcing contracts. In France social markets predominate. The phenomenon of outsourcing of new services is, however, very clear there in the field of social mediation. In Lille, a structure has been created from scratch to provide mediation for public transport services.

Outsourcing therefore appears to be quite generalised. Rather than a deconstruction of the public service, what we are witnessing is a development of services of general interest, mainly social in nature, in a framework that corresponds mainly to the third sector.

This section has distinguished between contracting out “new” services and contracting out “existing” services. On the one hand, new services are created which represent public responses to new social needs, such as urban insecurity or the will to provide out-of-school educational activities for children. These services, which did not exist before within the public sphere\textsuperscript{25}, are not created under the State

\textsuperscript{25} Cf. out-of-school activities did exist, but in the voluntary sector.
apparatus, but through contracting processes with private actors. Most often these actors are in the non-profit sector, but business companies are more and more entering the arena. This is occurring for lunchtime services in Spanish schools, for instance.

As for existing services, the development of contracting-out is striking in the UK for elder care and Italy for childcare. The two approaches are complementary: that of cost-saving (sometimes under Best Value, like in the UK) and that of a rapid response to growing social needs (and lack of places for children or dependent elderly). This last approach explains the development of contracting-out of childcare (crèches) in Italy. The Italian case is interesting in that contracting-out of childcare services is also connected to public initiatives fostering individual entrepreneurship and the setting-up of small businesses (see the Italian report).

In France and Germany, the contracting-out approach has for long favoured the private not-for-profit sector, which can be seen as the mainspring of the state in welfare service provision. The place of for-profit companies is, however, growing.

Contracting-out, generally speaking, entails complex configurations, where public, market and community approaches can merge. To draw on the definition of the concept of hybridisation (see above), there is not only a mix of approaches, but also a strong mix of resources: public funding, fees, market sales, etc.

An important point is that, in some cases, these contractual hybrids create dependency situations between the providing bodies and the financing ones. The timeframe of the economic activity of the contracted-out structures is that of the contract: one year, four years, etc. The uncertainty about the renewal of the contract when it comes to an end does not encourage investment, in particular in human resources. Moreover, the competition principle which lies behind tendering procedures often puts economic conditions (the cost) before the quality or nature of the service.

The above points have immediate consequences for working conditions. One the one hand, the complexity of contractual arrangements might lead to distortions with regard to labour law, or at least to very uncertain situations. On the other hand, the dependency on the financing structures creates precariousness, which is passed on in terms of the workers’ status. We saw how much the management of the providing structures often boils down to the management of this precariousness. The next section will address this issue more thoroughly: how do the evolving patterns of governance impact on strategic and HR management?

Nevertheless, there is room for innovation. One key point in terms of governance is the "enabling" relation between the state, or local authorities, and the local providers. The room for manoeuvre is real for local providers, as is, therefore, the possibility of innovation. We should distinguish here between innovations in terms of provision and innovations in terms of working conditions and jobs: the former will be analysed in the next section as well, while the latter will be the main topic of the second part of this report.

To sum up, changes in provision are in the end dependent on an implicit assumption that the independent sector should be the provider. This is resulting in:

- the general emergence of social markets;
- the launching of new funding instruments specifically aimed at encouraging market provision, including direct purchase by users;
- the fact that existing and new services are increasingly ‘contracted out’.
This has entailed growing competition between independent providers and between types of providers, and the general introduction of business, commercial and managerialist principles, as we see now.
CHAPTER 2 THE EVOLUTION OF METHODS OF GOVERNANCE: LOCAL PARTNERSHIPS AND NETWORK STRUCTURING

The concept of governance remains vague and controversial. We will use the term in a descriptive fashion to refer to arrangements which include elected governments but also other actors, with the aim of emphasising the different links between this set of actors at the various stages of the policy process, i.e. decision-making, and implementation and assessment of decisions.

The term can thus be applied to the many and complex institutional arrangements involving, at local level, local authorities, service providers and civil society actors.

Despite its vagueness, we have therefore adopted this term in order to include within a single concept the analysis of numerous forms of partnerships and networks operating in the field of services to private individuals, and the forms of enterprise governance used by the different suppliers.

1. The notion of governance in the context of the development of relational services

Governance is undoubtedly a fuzzy notion, with multiple and contested meanings. The mechanisms referred to under this heading all shape the policy-making process, at different stages. As a French sociologist working in the field of relational services and third sector organisations has put it:

“By governance we mean the emergence of new ways of governing public affairs and persons: it is no longer only a central government dictating rules to local players, much less a local authority with limited tools for exercising power or restricted in its decision-making circuits, but rather a new mode of governing based on a number of different players and public, private, associative and trade union groups, whose co-operation and negotiation permit new governance practices. Local governance refers even less to an institutional analysis of power and public authority than to an analysis of co-ordination mechanisms among local players which form the conditions for the implementation of the decision-making process and for public action.”

The end of the quote emphasises the local level which has progressively acquired a key role in the implementation and coordination of public policies, and even decisive influence in the formulation of these policies. The latter no longer emanate only from a distant “central” level, but also from local innovations and practices. This is particularly true of policies regarding interpersonal relations, where the nature of the service is defined in a situation or a context. The increasing role of the local level will be illustrated below.

At this level, how relationships between a large number of actors are governed is a key issue for the overall topic of this report, i.e. job creation and job quality in relational services. Actual forms of governance, to follow the above definition, need to be empirically assessed. Therefore the main idea in this chapter is to emphasise the dynamics of change in the governance of relational services, in the context of the national welfare mixes analysed above, from the point of view of local practices.

1.1 From government to governance?

From a theoretical point of view, the easiest way to describe these profound changes would be to keep the classical opposition between “government” and “governance”. The main idea behind this dual typology lies in the shift from state-centred and homogeneous intervention to more inclusive, more complex, partnership or network-based approaches. In the case of the development of innovative relational services, this opposition would, however, conceal the constructive role played from the outset by non-statutory bodies and agencies, and the various forms of complex, partnership arrangements which have long existed between diverse actors. In this respect, there is a risk that the fashionable buzzword “governance” used today to describe the current complexity of institutional relationships between a wide variety of players might not render justice to the history of welfare and social services in Europe. To put it differently, there has always been a “welfare mix”, which has experienced several changes in the last decades. In a sense, the real change could therefore be described as twofold: first, a shift from well-organised welfare mixes in European countries to rather disorganised welfare mixes; second, a gradual introduction of market principles and mechanisms in this welfare mix. As Ingo Bode argues for France, Germany and the UK:

“Similar approaches involving public-private partnerships emerged in these countries in the post-war era, materialising in an "organised welfare mix". The argument goes on to say that, because they share a similar past, these countries are also in the same state of transformation, as can be seen from current processes of organisational change in the social welfare sector. The changing relationships between non-statutory organisations and their civic constituencies are a driving force behind this transformation. The overall result is a development towards disorganisation.”

What is definitely new in contemporary innovations in the field of relational services is not the existence of a plurality of actors and their functioning under local partnerships and global arrangements at a broader level (e.g. the delegation of a public mission to associative networks). Rather, it is the growing complexity of these relations because of the effect of the gradual arrival of a market-based approach. This has, of course, been brought in by market actors and for-profit organisations which have been given the right to intervene in the field through approval,

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contracting-out, etc. The public-private partnership approach, though not a new one, is constantly expanding, and within this contracting approach involving the "private" sector, the share of private for-profit organisations is visibly increasing. Changes in the conventions underlying welfare mixes can actually be observed.

1.2 Towards marketisation and competition: new conventions underlying welfare mixes

Some authors have already defined the approach prevailing in the field of relational services (more precisely in childcare and elder care) as one which could be labelled a "welfare market" approach, as opposed to a "welfare state" approach. Of course, Enjolras characterises the evolution of policy choices as the development of a market-oriented approach of this kind, visibly supplanting the former consensus concerning a welfare state approach. This post-war model, where the relationships between state institutions and not-for-profit actors were at the core of the construction of national social models, is being replaced by a for-profit and competitive approach to the governance of relational services, which carries the risk of undermining equality and social cohesion.

The disorganisation – and these risks – is thus appearing at a time when the prevailing social arrangements between actors are being radically modified by the emergence of new governance approaches. The trend toward marketisation and competition is evidenced in all the countries examined in this comparative approach. As we will see in the following pages, the rationales may emerge from ideological reasons (like "the market approach is more efficient") or from budgetary reasons in a context of controlling public expenditure, or – most often – may not be justified at all. A simple indicator showing the success of the market is the lack of resistance to its gradual introduction in care systems.

The overall approach, for Western welfare states, has already been much analysed and described by scholars. Some have evoked a "retrenchment" of the welfare state, "recalibration", "redesign", etc. Many driving forces have contributed to these changes, according to Neil Gilbert. Mobility of capital and the integration of financial markets, fiscal pressures caused by demographic developments, and the role of ideas have had a combined effect on the emergence of a new paradigm. With regard to this last point, i.e. the political power of ideas, the widespread idea that States are overweight, the influence of discourses concerning the disincentive effects of public policies on employment, etc., have reinforced a new wisdom regarding policy-making.

Several concepts have been put forward to describe the dynamics underpinning this process of change, which generally leads to greater focus on individuals and is supported by widespread acceptance of neo-liberal ideas. Some have suggested describing the tendency as a shift from a Keynesian welfare state (encouraging effective demand) to a

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29 B. Enjolras, Le marché providence. Aide à domicile, politique sociale et création d’emplois, Desclées de Brouwer, 1995. The book is in French. The author places the "État providence" (welfare state) in opposition with the "marché providence" (welfare market).


“Schumpeterian” workfare state (stressing the role of the supply side in the markets)\textsuperscript{32}; as a shift from a model emphasising the main social rights to a model proposing social duties\textsuperscript{33}; or more generally, as a trend towards an “active” society\textsuperscript{34}. Many neologisms point to these transformations: the active, or contractual, or post-modern Welfare state, etc. What is present here and was absent from Enjolras’ above-mentioned idea of a “welfare market” is the fundamental role of the state. The state is changing, but it is maintaining a considerable level of control and regulation of these evolving methods of governance. This is certainly a major lesson drawn from empirical observations. This changing role of the State in the field of RS will be assessed and commented on in the different field studies, some of which were already presented in the previous chapter.

The role of the state obviously remains central as will be shown, and public regulation is intensifying, as a corollary to this trend toward marketisation.

The main point is that, while recourse to the market is increasing everywhere without being debated as a societal choice, the State is still the key organisational actor and is still playing a continuing regulating function with respect to:

- funding – deciding on types of funding, how much funding and how it is distributed;
- being politically and legally answerable for service provision;
- planning, programming and coordinating service provision;
- creating the market;
- regulating and monitoring quality through contracts, inspection regimes, qualification requirements, etc.;
- in some cases, playing a role in providing training and recruitment support for the independent sector.

All these different aspects of the changing role of the State will be addressed in the remainder of this report. Among these different points, we argue that the State is the key actor in planning, programming and coordinating service provision, and that, consequently, it creates the institutional conditions for the market. We will now develop this point, based on the results of our empirical research in the five countries.


2. The role of the state and local authorities: coordination and decentralised planning through partnerships

This section attempts to assess the reconfiguration of the role of the state in the context of the developments mentioned so far. The main point may be that, rather than “retrenching” or losing control over the situation, the state (at its different levels) remains the key actor of the development of relational services, but through new patterns of governance. In every country, it is the state which directly organises the sector, provides impetus for new activities and enables their functioning through the financing both of consumers (social markets) and of providers (contracting-out) (cf. Chapter 1). The comments in the following paragraphs highlight the high level of state control over local partnerships or contractual relationships.

In connection with this evolving role of the state and these changing modes of governance, a further argument will be that providers nevertheless keep wide margins of manoeuvre and room for innovations. Innovations are often necessary in order to remain on the market in a context of strong competition. However, and this will be a major argument, also in the remainder of this report, providers need to think about working conditions in order to attract workers and to retain them in the workforce. Moreover, the quality issue is crucial in relational services, inducing providers and the state to think about innovative initiatives to ensure a minimum level of quality and to offer guarantees to customers.

The State is often regarded as a necessary “partner” in the domain of care services, which in fact is quite a euphemism. Indeed, the concept of partnership (in particular public-private partnerships) is often used to comment on the development of new forms of governance. The state is no longer the sole provider of social services, rather its role is to develop partnerships with private actors which are directly in charge of delivery at local level35. Generally speaking, the state remains the coordinator of these private actors – a new role that scholars have already noticed in other domains like urban policies in France36.

This section aims to illustrate more precisely what lies behind the catchword of “partnership”, in a context where social markets and contracting-out – two major developments that will be explored later – tend to introduce innovative elements in the welfare mix. The illustrations provided here also underpin the theoretical developments seen at the beginning of this Part.


2.1 The creation of service providers

2.1.1. Decentralisation of planning and co-ordination

Decentralisation is generally a key feature of Welfare State reform, and concerns in particular the institutional arrangements for RS. Why is this so important, given that in most countries, local authorities have always been in charge of delivering social services?

First of all, because decentralisation now concerns the planning, funding and co-ordination of services, and not simply the delivery\(^{37}\). We must emphasise this important evolution.

This is especially so in **Spain** and, more recently, in **Italy** where regional governments are assuming increasing competencies, under general framework laws. Regional governments are thus expected to contribute to the funding of social services, as well as the regulating of them (e.g. access criteria, type of services provided), because social services are not universal. The same applies to nursery schools (integrated into the education system, but not compulsory), for which most Autonomous Communities in Spain are responsible. In Italy, nursery schools (**asili nido**) are managed by municipal authorities within a regional framework (or even, for certain aspects, the national framework).

In **Spain**, for example, **care for the elderly** is included in basic social services which have been organised under the “Concerted plan for the development of basic social services” (**“Plan concertado para el desarrollo de las prestaciones básicas de servicios sociales”**) since 1987. The Plan is subscribed to by the national and regional governments. Under this Plan, regional governments are obliged to organise services for the elderly. However delivery is at the local authority level and is funded by national, regional and municipal contributions decided each year. Nearly all regions and some provinces have developed their own legal framework for domiciliary care (Laparra and González 2002). The bill currently being discussed at central government level will reinforce this obligation as it establishes help for the dependent (especially the dependent elderly) as a right.

**Childcare**, which is a non-compulsory service included in the education system, is thus the responsibility of the regions, since the competency for education has been devolved (except to Ceuta and Melilla). The law states only that public authorities will guarantee “a sufficient number of places in order to secure access to those who wish it” (Framework Law for the General Organisation of the Education System, 1990). It thus leaves it up to the Autonomous Communities to decide upon the funding transferred to local authorities for the creation of infant schools (Aiguabella et al 2004).

In **France**, the middle-tier local authorities (**départements**) have acquired responsibility for social services and thus co-ordinate the implementation of some relational services within the framework of national policies.

The main point here is that decentralisation of planning, co-ordination and funding is likely to influence the development of relational services, and of employment in **RS**. They are dependent on policy choices and capacities at regional level in Spain and in Italy, and some RS depend on choices made at **département** level in France (elder care). Thus the development of relational services is likely to be very different from one region to another.

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\(^{37}\) In Germany, this is not an innovation: the federal system of government is characterised by a clear division of competencies and of planning, funding and co-ordination tasks between the Federal State and the Länder in the field of welfare policy. While the federal government is responsible for general regulation of care services, care planning and the co-ordination of services is the task of the regional and local authorities within the Länder boundaries. In particular, the local authorities are responsible for the planning, co-ordination and funding of child-care institutions.
another, not so much due to different patterns of demand, but rather due to different priorities and resources.

**In order to develop RS activities and create jobs, the State promotes new governance structures at local level, such as local partnerships.** It is not the “market” which is itself creating the conditions for RS to expand; rather, the process is being clearly controlled by public authorities. Put differently, **without the assistance of the State, even in very different countries from a “Welfare regime” perspective, RS cannot develop properly in terms of quantity and quality.**

The market has certainly imbued the organisations involved with its competitive approach, however these organisations would not be able to survive, apparently, without any public support, which more precisely consists of:

- financial support;
- legal support;
- organisational and structuring support.

**In addition to demand measures, aimed at empowering users and consumers (through vouchers, tax credit etc., see the section on “social markets” below), the State also implements supply measures.** Hence it can be considered as an **“enhancer” of private activities, with organisational and structuring functions.** There are in fact different public actors (State, Region, Autonomous Communities, Municipal Authorities, etc.) and different motivations which may intervene.

2.1.2. The development of service providers in the non-profit-making sector

In most of the cases studied, service providers were already in place prior to the current situation. The same is true of those affiliated to the large home care networks in France, and of childcare service structures in Germany and the United Kingdom. Here there is no PPP; service providers may or may not develop within the framework of a social market.

**The main innovation is the support of public authorities for enterprise development so as to encourage the emergence of a competitive social market.** In the majority of cases, service providers dependent upon the third sector and the public authorities either respond to this or, out of ideological choice, decide to support the third sector. In France, the previous government set itself the target of developing a social economy based on solidarity. The present government is putting more emphasis on the development of private businesses. However, as we shall see later, these businesses are necessarily required to cooperate with the associative sector which dominates the market.

In the **United Kingdom** the tendency in the sector of services to the elderly is a switch from care in institutions to care provided at home. The case of the City Council Social Services Department in the North of England (later referred to as Sunderland City Council Social Services Department) is characteristic of this. From 1994 to 2004, the number of elderly people cared for at home rose from 0% to 50%. This figure is set to rise again by 30% between 2004 and 2006. The home care service is provided by eight service providers mainly located in the non-profit-making sector. All of these providers, mostly small in size, were set up to reply to invitations to tender on the “social market” issued by the Sunderland local authorities.
In Galicia, the increase in crèche places is also being organised in line with the social market model, but this is the only example, as far as we know, in Spain. In Catalonia, for instance, the regional government took the initiative of creating 30,000 new places in crèches by 2008. According to the figures available for 2006, approximately half of these places will be created in the context of a “social market”. The service providers are mainly in the non-profit-making sector.

2.1.3. The establishment of private companies

Another point to analyse is the establishment of private companies in the sectors under review.

A private company ("K.") has become established in the United Kingdom at an intermediate level between the social market and free competition. This service is being developed privately, with the support of client companies, however many client companies belong to the public sector (hospitals, universities, etc.). “K.” was set up in 1983 and had opened its 6th nursery by 1990 (which was for the exclusive use of the staff of a large private company) long before childcare became an issue of interest to government. The company has drawn on government funding to support its in-house training but the actual expansion of the company – in particular its recent growth – has been supported by venture capital. Nevertheless, government support for parents in the form of childcare tax credits and the childcare voucher system has encouraged the demand for childcare places.

In France, Germany and Italy, the vast majority of social market cases which we studied reveal that the service providers belong to the non-profit-making sector. The introduction of for-profit actors in the French sector of relational services has been regulated by a public policy which has authorised a small number of companies to become platforms able to provide services on the social market. In the case of contracting-out, and not simply social markets, we need to specify here that a whole segment of the out-of-school activities and educational leisure in Spain are provided by for-profit companies. As for the elder care sectors, most providers are for-profit, and the dominant ones are even multinational companies. This can also be observed in the UK.

It seems that private companies are currently pursuing a niche strategy. “K.” developed an original model on the borderline between the trading and non-trading sectors. In Germany, a company became specialised in care to the elderly, often suffering from dementia and with high purchasing power. In France, a home care company is targeting wealthier clients. We have not observed any strategy for a global conquest of the market. At this stage, we can put forward two main reasons for this:

- non-profit-making companies are well established and the barrier to entrance is therefore high. To penetrate to the heart of the market, a private company must make a considerable investment in terms of training and advertising;

- the profitability rate at the heart of the market is lower since prices are to a large extent fixed by the public financiers.

Additional explanations can be found in the advantages available to the non-profit-making sector, in particular tax benefits (VAT), and the possibility of resorting more easily to subsidised jobs. However, while these aspects may curb the development of the profit-making sector, if the latter really wants to conquer this market, it would obtain equal competition conditions.
2.1.4. *Ex nihilo establishment of non-profit-making structures*

A third type of support is for public authorities to instigate the creation of a new structure. This happens where the market proves incapable of generating operators, whether profit-making or non-profit. This is particularly the case in France. Thus, the *Régies de quartier*, which provide a number of services to local inhabitants, are almost always dependent on a municipal initiative. A slightly different model is provided by social mediation associations in public transport. Here, the initiative comes from the transport companies themselves who choose to provide this service outside of their own structure. We therefore have a mechanism that combines public funding with project management by a service of general interest. The activity itself is carried out by a non-profit association. In both these cases, a large part of the funding comes from the central state, through a combination of various mechanisms: job support, insertion aid, funding for training and counselling. The decision to take advantage of this public funding however takes place at local level: municipality, local transport companies, etc. **Day-to-day management is provided by a structure that is legally independent but non-viable without financial and political support.**

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2.1.5. *Conclusion: a relationship that is by necessity triangular*

This simple diagram shows the key role played by the authorities in the social markets which we studied. We will see later on that the service relationship is in reality much more complex.

We can also see that these social markets are often oligopolistic. Since private companies do not spontaneously go to the heart of the market, this is occupied by a small number of service providers, often established with the support of the authorities.
2.2 The creation of local actors providing services to service enterprises

In three of the countries studied, we have seen the development of local structures providing services to care providers.

In the UK, a key innovation, as far as childcare services are concerned, is the creation of new governance structures, such as local partnerships, for example Early Years Development and Childcare Partnerships (EYDCPs). EYDCPs are set up by Local Education Authorities and comprise providers, representatives of parents and local authorities who plan the local development of childcare. The government encourages private and voluntary initiatives in this framework by injecting "pump-priming" funds, especially in disadvantaged areas (Chambaz 2003).

These initiatives demonstrate a kind of public promotion of public-private arrangements in childcare. The trends towards closer working together ‘in partnership’ in childcare and children’s services in general is likely to continue, though the names will again change. The Government’s current vision to integrate key services relating to children is to be achieved by establishing 'Children’s Trusts'.

Partnerships have also become very important in health and social care, including care for the elderly. Again the exact nature of these partnerships vary, but what is clear is that the policy thrust is towards more close working together of organisations within health and particularly between health and social care organisations. In the case of elder care this means especially Primary Care Trusts and social services departments of local authorities, though a range of other organisations may also be involved.

There again the government has a key role in elder care. The government set up two key instruments for introducing partnership arrangements between organisations within the NHS and across NHS and local authority boundaries. First, the so-called ‘flexibilities’ provided for in section 31 of the 1999 Health Act as amended under Section 45 of the Health and Social Care Act 2001. Second, Care Trusts. In three of our case studies (UKCS4, UKCS12, and UKCS13) organisations had invoked Section 31 flexibilities in order to work in partnership. Early indications, however, are that in the UK context, at least, the outcome for the workforce has been, on the whole, benign and our fieldwork suggests that UKCS12 illustrates a useful model of how organisations can integrate with relatively benign consequences for the workforce.

In Northumberland we observed, for instance, the establishment of an associative structure aimed at recruiting and training staff for employers in the childcare sector. This association also engages in social insertion missions for underprivileged groups, with efforts to train them in childcare work (see below).

Public initiatives for structuring and developing the elder care market are a major element in France. They are at the basis of the social construction of this market.

In the French elder care sector, networks emerge from public initiatives and rely on public schemes:

- CLIC (Local Centres for Information and Coordination), which are public local agencies aimed at gathering all necessary information for the elderly to enable them to find adequate help.

- PLIE (Local Plans for Insertion and Employment) are another type of public scheme whose goal is to coordinate private strategies. We studied two such schemes (FRCS 7 & 14) and examined the role they played in launching relational services, in mediation services and in elder care.
These partnerships may take very flexible forms. PLIE or CLIC for instance can be managed directly by the local authority or by a third sector association.

One key feature of such local partnerships is that they aim to integrate several fields of intervention and provide an integrated approach to their user groups – which also means that they are keen on developing multi-skills and “bridging” occupations. This may indeed become an important characteristic of relational services in the future (we will come back to this later).

**The CLICs are a genuine innovative model of coordination of supply, at local level, which facilitates the matching between supply and demand.** All the social and health actors intervening in elder care are connected. This improves the visibility of the missions of each actor.

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**Local Centres for Information and Coordination (CLIC)**

In France, CLICs are local public agencies offering advice, guidance and information concerning care for the elderly. They have been in existence since 2000. These agencies both help the elderly themselves and their families. In these centres, one can find all the information required to assist the elderly in their daily life. This is very useful given the complexity of the system and the sometimes poor knowledge of one’s rights or possible access to some services.

The agents of this free service assess people’s needs and formulate with them individual help schedules or plans (for instance, they assess whether they are able to benefit from the APA or other social benefits). They also coordinate at local level the implementation of housing and sanitary policy for the elderly, and are a central actor of local networks for domiciliary care.

The CLICS also contribute to raising workers’ qualifications in this professional field, in partnership with other actors. They provide help and support to family relatives caring for a parent, and they launch actions to improve older people’s well-being at home.

As stated in a circular from the Ministry of Employment and Solidarity, the goal is to include under one label, "CLIC", the variety of situations and existing organisational choices. The actual aim of the local coordination undertaken by the CLIC is to resolve complex and urgent situations, on the basis of a proximity approach.

Thus they are not only a fundamental source of information for people, but they are also very often the actor who triggers various processes of individualised care.

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In France, other platforms are still being created in a rather informal way, from a public initiative or sometimes from a private initiative. In elder care, these “ad hoc” service platforms are also aimed at reducing the complexity of the sector. Their role is to coordinate networks of specialists. In Lille, “S.” is a services platform for 90 service providers of home care to the elderly in the Lille district. This platform provides services (training, recruitment, quality improvement), acts as an interface between service providers and the authorities, and acts as a local monitoring service for statistics.

A classical model is the creation of a network regrouping different providers, coordinated by technical devices such as the Internet or free telephone numbers, allowing people to have a single interlocutor. This form of coordination entails economies of scale and productivity gains for the providers. A recent report co-written by the now adviser to the Minister of Employment emphasised this different aspect of coordination (Cahuc and Debonneuil, 2004).
The development of such networks and platforms is seen as the precondition for massive job creation in the sector. Demand is promoted by making the supply more articulated and visible, and above all less expensive due to productivity gains and economies of scale. As the fixed costs are much too high for a single organisation, the pooling of investments by different providers is a solution. As mentioned above, another one is the entrance of big companies onto the market: this is what is actually occurring in the French elder care system, with the accreditation of several for-profit companies (banks, insurance companies, companies specialised in domiciliary care, etc.).

The recent case of platforms empowered to issue CESUs (Universal Employment Vouchers) cannot be included in the scope of our study (cf. above III.5.). A national agency of services to private individuals, set up in October 2005, completes this mechanism. It has two missions: to promote services to private individuals quantitatively and qualitatively, and to monitor the sector for statistical purposes.

In Germany, a number of local partnership structures have been established for integrated planning of social services (childcare, school activities, social integration) mainly in the context of federal government initiatives like the programme for ‘Social Integration Cities’ (for deprived urban areas). Another partnership initiative, ‘Local Alliances for Families’, aims to improve the framework conditions for families in co-operation with other actors. These alliances are also going to monitor the quality and extension of childcare facilities (Voss and Spitzner 2004).

For instance, in the town of Monheim, all the childcare service providers are grouped within a network that permits a global approach to childcare, social mediation and the fight against poverty. This network provides services to service providers in the form of coordination of existing services, strengthening of skills and establishment of an advisory service for families.

The creation of such an enterprise stems in most cases from an initiative by the service providers themselves, who unite to offer a service that none of them would have been able to develop on their own. In certain cases, public authorities have supported this initiative (in Germany in particular). However, in a case study in France, a services platform was created on the initiative of the local authorities alone and was forced to shut down when public funding was suspended. Without wishing to generalise, this example illustrates the difficulty of sustaining this type of initiative when the stakeholders themselves did not initiate the partnership.

It is obvious in the different countries that the local networks, platforms and partnership structures are necessary frameworks for a suitable RS supply to develop. By suitable we mean a territorial supply which can respond to social needs at an affordable price. Moreover, suitable also means providing quality information to users who do not generally have the necessary grasp of health and care issues. It is a service of public interest which is provided in all cases, which must inform the people and help them without price or territorial discrimination. The creation and management of public platforms like CLICs in France seems to be in line with this.

2.3 Network structuring

In France and Germany in particular, but also in Italy (remember the “secondary networks”), service providers have been organised in networks for a long time. These networks generally originated from ideological (churches, secular networks) or regional
divisions. This phenomenon is far less apparent in Spain and in the United Kingdom where the National Health Service has played a standardising role. However, in the UK, the role played by charities is increasing as that of the NHS diminishes. In Italy our study draws attention to the role played by networks of production cooperatives.

These networks continue to play a structuring role. We have also been able to identify the development of inter-network cooperation. The local actors providing services to service enterprises in particular often depend on cooperation of this kind.

2.4 Conclusion

The partnerships observed are based primarily on an approach involving construction of a social market. We saw in the previous chapter that these social markets constitute the dominant response by governments to the growth in demand for childcare services and care for the elderly. We can also see that in none of the countries studied are social markets spontaneously constructed. This does not mean that for-profit providers are absent from the picture. In Spain, we have noticed the massive presence of for-profit companies in the elder care sector.

Nowhere have private companies made massive investments in creating an attractive supply. They have only entered niche markets. Spanish elder care companies, for instance, are ousting any competitor through lower prices thanks to cheap labour (and by offering a range of services to local authorities which see it as a way to lower ‘transaction costs’).

The third sector and local authorities, for their part, are adapting to the dominant model of the social market. They are constructing a supply that is increasingly more professionalised and operating more in accordance with the principles of oligopoly than those of a free and competitive market.

It is possible to state at this stage that the market cannot be strictly determined. The choice of a social market is intended to contain production costs and to avoid putting these new services in the public sector, with the consequences that this implies in terms of human resource management.

In all countries, the provision of social care and social mediation activities has been delegated to the local level. The responsibility for social care has been decentralised and devolved to lower tiers of government and to non-governmental bodies (which is not new in all cases).

New forms of governance are emerging with the growth in ‘partnerships’. Some theoretical clarification was offered at the beginning of this section, while the rest of the section illustrated the partnership approach in the different countries. As we can see, the State still plays a dominant role in these partnerships at its different levels (local, regional, national).

From the “delivery” point of view, this partnership approach is very logical because of its capacity to respond to a large range of issues, demands or needs expressed by users. This is in line with a “subsidiarity” principle according to which the local level and local bodies are the most capable of locating these needs and providing suitable solutions. This principle is at the root of the development of the third sector in all countries, more particularly in countries like Germany or France, and also at the root of the social arrangements linking the State with local actors. As we said, these arrangements between the public and private sectors are far from new as far as social protection and welfare
services are concerned. The issue here is the capacity of the State to regulate the **quality of the service** and above all **equal access** to it.

From a “governance” point of view, the advantage of this configuration is that the State can keep control at different stages (planning, coordination, accreditation of the “partners”, assessment, etc.), while not having to deliver the service itself. Cost and the quest to find a suitable supply are the driving forces behind these changes. State control simply takes on a new face: it does not vanish. However, the prevalence of cost motivations certainly has an effect on access to and quality of the service. This is a crucial issue.

Moreover, a possible argument against the partnership trend is simply that, when there is a public tender, and especially when very small providers are contracted, the relationship can become completely asymmetrical, and what you really have then is subordination in disguise rather than partnership.

**Another point which is important to note is that the market would not function without this public intervention**\(^{38}\). Private actors or operators only involve themselves in this market if some necessary conditions for the success of the market are satisfied. One of the main conditions is the existence of efficient coordination processes. In the different examples we have listed, we can see that the involvement of the State in these coordination mechanisms is crucial.

\(^{38}\) Or maybe the terms of the problem should be presented in a different way: it is not a market with public intervention, it is a market for public funds. These are bound to develop ever more and in fact correspond to an ever increasing share of the European GDP. This can be questioned.
1. Introduction

A new governance of services is emerging with the common trend towards the creation and support of a social market, and the contracting-out of existing and new services. The general need to restrain public expenditure explains the growing recourse to these governance mechanisms, especially to the contracting-out approach. As a result, a “project management” culture is emerging everywhere. Moreover, as we said, contractual relations with local authorities may often create situations of dependency and power. This impacts on the working conditions of workers.

This must be compared with the earlier types of relations prevailing between the state and other actors in the field of welfare services, which used to be long-term or less precarious. The fact is that a contract signed between a local authority and a provider is, in most cases, temporary, and that, even though local arrangements may tend to the systematic renewal of these contracts, providers are not sheltered against the risk of a sudden collapse of the relationships, hence a collapse of the economic activity. To quote Bode (2005) on this point:

“As to the patterns of co-ordination governing the social welfare sector, the tendency towards a co-operative steering based on mutual agreements is reversed. The “governance of welfare” becomes more volatile, and organisational actions and outcomes are accepted to be variable as a principle. Voluntary agencies are put under pressure by managerial states that (more or less) demand short-term performance and accountability but devolve responsibility to economically self-sustaining agencies, with the latter – almost necessarily – producing variable outcomes. Coordination by mutual agreement is replaced with quasi-market regulation or project competition in many instances. Public-private partnerships are still important or even expanding in scope, yet they are unequally organised, potentially precarious and contingent on local “markets”. The result is “an unstable system of governance, requiring intense political and organisational effort to keep it from splitting apart” (Clarke 2004:125). From the perspective of voluntary agencies, their relation to public bodies is disorganised in the sense that they continue to extensively interact with them, albeit on unstable and rapidly changing grounds (programme shifts, short-term funding, competitive contract management, etc.). As a result, everyday management is often based on ad-hoc planning, continuous risk-taking, and strategies centred on short-term output.”

This evolution towards performance-related, short-term contract policies modifies the sense and practices of local partnerships. The link between contracting-out governance and management (of resources, including human resources, and strategic management) is therefore straightforward. What this chapter mainly aims to do is provide insights into this “everyday management”, as Bode says in this quotation.

Besides these management strategies, we would like to analyse the innovations in delivery and enterprise governance. Provision of care for children or the elderly has obviously changed. A new consensus is prevailing, for instance as regards keeping
the elderly at home as long as possible. This is a tendency observed everywhere. In childcare however, there are different approaches in the various countries.

In these two sectors, an **individualisation** of practices is noticeable, however. New thinking about the individual and his/her experience of the service becomes central in the definition of the service and in its implementation. To borrow from the schematic representation of the service relation proposed by Jean Gadrey (1994), this individualisation is underlined by the interpersonal nature of the service, and by its particular purpose – the person himself/herself. From this point of view, it is not surprising that **care services tend to integrate all the different elements that might improve the quality of the final service, which is directly linked to the “wellness” of the person, with his/her health and well-being coming first**. But related services are incorporated, which either arise because of a direct demand or need expressed by the beneficiary or his/her family, or from a supply strategy by the provider in order to capture the demand. **These strategies of diversification or integration constitute an important observation, which in fact comes from the demands and needs expressed, or from supply/marketing strategies in order to create these needs. The RS economy has become an ordinary market economy from this point of view. Voluntary and third sector organisations in particular have anticipated this and have adopted HR strategies and practices which make them less different from their private for-profit counterparts than is usually thought.**

We have then, for the third sector, the two sides of what some scholars have called an "institutional isomorphism". The idea in this concept is that third sector organisations, as they establish many connections with the state, on the one hand, and are increasingly forced to work in competition with market organisations, on the other hand, tend to become more or less similar to one or the other side. Given the particular ties that link associations to the state in the field of RS, these actors gain reliability but are also in a situation of strong dependence. In these particular configurations, which we analysed above, there is a trend towards an increasing mix of state-based features and market-based ones. This trend is now often labelled “new public management”, i.e. a restructuring of public services and administrations according to management rules and routines usually developed in the corporate and business sector. The changes are, for instance, the introduction of performance targets or more flexible human resources management.

On the other hand, as Evers writes, "the other side of isomorphism may be more interesting these days: the degree to which – by purpose or under pressure of reality – third sector organisations will become similar to private market actors when they have to compete with them. Often – due to the regulative framework and/or by their inability to operate by bringing out their special strength – they become similar to their commercial competitors".

As a result of this combined evolution, one can see that market principles tend to steer the development of the care sector. We will illustrate this theoretical point by many examples drawn from the case studies.

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A large part of the chapter is devoted to models and strategies of specialisation and capture of demand in the RS economy. Many innovative attempts are empirically assessed (2). New organisational models and what can be generally analysed as a trend towards “managerialism” are analysed afterwards. This section tries to generalise the observations and to compare the evolutions in the different countries and sectors (3). A last section is dedicated to the communication and signalling issues, which are noticeable trends (4).

2. Concentration, specialisation and diversification

How to attract the demand on the market? This is a classical question for organisations in a market economy. For providers, the question is: which service to offer? This requires designing the type of service that best matches people’s or families’ needs and expectations vis-à-vis childcare or care for dependent people.

There are two noticeable trends in the different countries:

- organisational forms are evolving towards concentration or clustering, so as to enhance the provider’s capacity to satisfy clients’ needs;
- the scale of services delivered is also becoming more diversified, in order to propose a strategic range of supply.

These strategies to capture demand have a strong economic rationale in the context of emerging markets where consumers do not necessarily have much experience of the diversity of supply. What are these different strategies? What is the influence of the modes of governance as seen above?

2.1 Concentration, clustering and networking

The trend towards concentration has been observed in the different countries, both for childcare and elder care. Concentration follows an economic logic in both these sectors, where we have observed different strategies of economic rationalisation, in particular through merger or vertical integration.

Besides merger or concentration, which means the integration of hitherto separated activities or organisations in a single one, there is also a clear tendency towards the regrouping of organisations under a cluster or umbrella. The difference is that the different structures keep their own identities, which may be a more rational strategy when the name of the organisation is already well-known in a local market. But there is an overarching organisation which then plays the part of an integrator and a representative. On the one hand, this umbrella organisation integrates the different parts, the aim being to create economies of scale and learning effects. On the other hand, this overarching organisation plays a representative role, with policy-makers, public bodies, etc. This of course means that they often have lobbying power.

An example of concentration is the association FRCS 2 in France. This case study merits special attention because its vertical integration proceeds from a merger and absorption with
other bodies. This illustrates the clearly competitive nature of RS markets and its impact on providers’ strategies.

**Merger and absorption of other organisations (FRCS 2)**

The integration of a variety of services through a merger process. Set up in 1972, this association, which today manages almost 1,000 workers (it is the direct employer of 500 of them, while the other 500 are directly employed by the final beneficiaries of the service, but have still concluded a contract with the organisation), was first specialised in elder care services only. It has progressively expanded its domain of activity to nursing care and medical care, and recently it merged with different associations – more precisely, it integrated their activities. Sometimes it was the municipal authority which asked FRCS 2 to take over the entire activity of a failing association of 60 persons. This vertical integration dynamic is possible due to the considerable size of the organisation, which has not ceased expanding, at a fast rate. In 1992 it adopted new statutes which formalised this strategy of “regrouping” all the services of interest to the elderly. From a supply perspective, a choice has been made to try and satisfy any type of need. This is supported by a strategy of quality standardisation as FRCS 2 has engaged in a process of certification, which also concerns the quality of work.

Linked to these strategies of concentration are localisation strategies. When they are significant in size, organisations function as networks of small entities, situated at a local level. FRCS 2, for instance, has structured the market into small proximity networks, which has enhanced the attraction of the association. Its decentralised functioning is more reactive to clients’ needs and demands. Still in France, FRCS 13 exemplifies a strategy of development of for-profit companies all over French national territory (and also in Belgium), through the setting-up of micro-companies organised in a network. It established one company each month in 2003 and one twice a month in 2004. These micro-companies have in general between three and ten workers. FRCS 13’s ambition is to become the main provider in the top segment of the market. It has embarked on a process of quality certification of its agencies and staff. It also follows a strategy of proximity and diversification, integrating a lot of peripheral services, from gardening to transportation. The multi-skills of employees’ are thus taken into account.

In Germany, we also observed different strategies and policies of governing (social) enterprises and institutions in order to reduce costs, become more efficient and provide specific qualities to cope with the market competition introduced by Book 11 of the Social Code.

One can see that, in France and Germany more particularly, clustering and regrouping have been considered the appropriate way forward for local organisations in order to cope with the requirements of a changing market. As a result, these clusters or platforms have more capacity to adapt to demand. They also have bargaining power with the authorities.

Networking and concentration may also be encouraged by governments, at a national or local level. This was one of the points put forward in a recent report for the French government (Cahuc and Debonneuil, 2004), which influenced the launching of a recent development plan for RS activities. Based on standard industrial economics, this report stressed the importance of a critical size for organisations, and called for the regrouping of existing disseminated structures under common umbrellas or federations.
Since March 2006, the French government has been promoting the establishment of “platforms” that will, on the one hand, manage CESUs (Universal Employment Service Vouchers), and on the other act as a service provider to sector enterprises. This model is too recent for us to have been able to observe it in operation. The basic idea is to reduce management costs by having a single call centre for a range of services. The platform could also provide traditional services such as recruitment, training and management. This model relies on the creation of the CESU voucher scheme. It remains to be seen how it will operate in reality and how common it will become in terms of good practice. It also remains to be seen what will be the respective roles played by the for-profit and non-profit sectors in these platforms and what impact the platforms will have on the professionalisation of skills and on market segmentation.

Concerning Italy, the role of A.T.I. (associazione temporanea d’impresa), which were already mentioned in this report, is remarkable as well. As we saw, this instrument permits the coordination of different social cooperatives, usually members of a same league, in order to bid for large tenders (see § 4.1.2.).

2.2 Strategies with regard to specialisation and diversification

Following on from the previous process of regrouping, the idea of vertical and horizontal diversification seems to have become widespread. Within a single organisation or a network (cluster) of different organisations, it is common today to find a diversified scale of services, which means the existence of some specialised segments of supply. When an organisation is small or isolated and working on its own, it has to concentrate on certain types of services, but has no room for variety or diversity. Historically, many small organisations of this kind have emerged on a local basis, working in a core activity. Today, with the trend towards regrouping, networking, clustering or concentration, a larger number of services is easier to find in each organisation. This is a crucial commercial argument.

The trend towards diversification, i.e. the fact of offering a mixed range of services to consumers and users, is an illustration of the extreme competitiveness of the care sectors. The decision to diversify supply is based on different approaches, either defensive (to survive on a market) or offensive (to gain new market shares). In addition, different rationales, and above all different profiles and contexts, can explain actual strategies favouring specialisation and diversification.

In Germany, for instance, different case studies in the childcare sector exemplify commercial strategies aiming at enriching the basic service. For example, in Bielefeld, the Van Laer foundation (DECC 01) has created a whole range of childcare services, notably in partnership with the local football club. For instance, children can have sessions with the foreign players of the professional football team, the aim being to discover other countries and to develop an open mind about other cultures. Going beyond the traditional frontiers of childcare in Germany, two other providers analysed in the research, DECC04 and DECC05, look very innovative in terms of developing a modern educational concept and new forms of services in the context of early infant education.
Right from the start, **DECC04** put strong emphasis on delivering professional services based on professional administration and organisation (in contrast to many other small voluntary childcare providers) as well as delivering high quality education (in contrast to the rather poor standard of the big state-controlled provider of childcare in Hamburg). These two directions resulted first in a professional style of “corporate governance” and business development (e.g. parents/members of the organisation are involved in organisational decisions, but educational tasks are carried out and developed by professionals), and second in a comprehensive educational concept which could be seen as a kind of predecessor for the “educational plans” which are now discussed and established in all German federal states. All day-care-centres organised within DECC04 are working on the basis of this educational concept which also involves a kind of qualification guide for day-to-day work. The educational concept is also a kind of “learning concept” in itself – it has been adjusted several times during the last few years and there is an ongoing process of change within it. However, there are certain aspects which are important:

**Childcare-centres as places for families:** the day-care facilities of DECC04 would like to deliver not only childcare services in line with the Social Code, but also a comprehensive service for families and parents: parents are seen as partners and each childcare facility not only tries to actively involve parents (through joint activities, regular meetings, events, parents are able to rent rooms for birthday parties etc.), but also to react to the special needs of parents (e.g. parental training in child-raising issues, educational issues etc.)

**Early-childhood learning:** childcare centres are seen as centres for learning which should guarantee the best possible learning milieu for children according to their age. In addition, childcare-centres are seen as "spaces of experience" which should support the individual child in his/her endeavour to learn and explore the world with joy.

In particular, the notion of learning and early-childhood education has resulted in a comprehensive and professional concept concerning bilingual education and learning which was developed by DECC04 in co-operation with academic experts in recent years. Today DECC04 is one of the leading organisations in Hamburg supplying foreign language support and education in childcare. The idea behind this is exemplary and was developed not on the basis of an abstract academic theory, but in dialogue with employees, parents and external experts. Today the bilingual concept is an established feature of the organisation – more than half of the provider’s fourteen childcare-centres have integrated bilingual education (in most cases English but also Spanish, Portuguese and French) and into their educational concept.

This success of these examples (both DECC03 and DECC04 are among the fastest-growing childcare providers in Hamburg) and also of DECC01 is based on several factors, but both governance and delivery mechanisms seem to be crucial for several reasons:

- The managerial staff are an important driving force behind new initiatives and projects.
- Attempts are made to open new markets and deploy new services in order both to secure and to expand the organisation (and thereby secure and expand the existing workforce).
- While developing a new kind of services and activities, DECC01 is using its own know-how and personnel resources as a starting point.
- At the same time, it is clear that the workforce has to be developed and trained further (see below), in particular in terms of customer-friendly relations.
In the twelve case studies on elder care in France, diversification emerges as a common trend in a rapidly-changing market. **A distinction must be made between diversification of services provided by a single structure or network (for instance, elder care, childcare, family services), and diversification of elder care services themselves.** In the former case, the organisation decides to provide a multi-levelled supply of services, and not to dedicate itself only to elder care; in the latter case, it is the elder care service itself which is diversified, through an enrichment of the scope of elder care services.

We have for instance observed:

- Two organisations (FRCS 1 & 8), traditionally providers of family services (help to mothers with difficulty in the framework of social policy), which have expanded their activity to elder care very recently (in 2003 and 2004), in order to re-establish their financial stability. Elder care is seen as a profitable sector, and these organisations could easily enter this segment of the market due to their expertise in a similar domain.

- Coupling childcare and elder care: a widespread strategy, permitted by certification rules. French certification rules are special in that the same public approval (agrément) given by the Département to a particular organisation enables it to provide both childcare services and elder care services. Hence many organisations which have this authorisation provide both of them (FRCS 1, 2, 5 & 12). Childcare is generally provided by qualified staff, while elder care is provided by a more diversified staff in terms of qualifications. Certain associations, like FRCS 12, also provide services to disabled people, but for less than 1% of the total volume of hours worked (compared to approx. 70% for elder care and 30% for childcare).

In the same respect in Italy (in Emilia Romagna and Lazio), despite the major differences between childcare and elder care, there are more and more points of contact and big social cooperatives are moving into childcare because of its expansion.

The following question thus arises: will the distinction between these two major domains for RS, i.e. childcare and elder care, tend to be abolished by a combination of corporate strategies and public regulations? Will the trend towards concentration in big organisations providing a large range of services erase the frontier between childcare and elder care, resulting in a general care sector? This is an important question for the quality of work (with respect to qualifications, the expected competencies, etc.), but we cannot go further at this stage.

In other cases, diversification does not succeed and must be dropped. Such examples clearly show that the previous elements cannot be taken for granted, i.e. we must not think that diversification is in all cases an efficient approach or compulsory.

In effect, the will to intervene in different “care” markets can induce an organisation to take economic risks. Sometimes, the newly-provided services are not profitable. FRCS 8 is an example of an organisation which has followed a strategy of diversification, but which recently had to abandon some activities which were not profitable enough, such as services to disabled people. These services required the recruitment of highly-qualified staff. The problem was that the financing bodies constantly reimbursed the organisation at a lower cost than the cost price. This led to a structural financial deficit for the organisation, which eventually resulted in dismissals.

**Of the different case studies analysed, the case of the integration of medical services into the organisation or directly in the service should be examined.** Because care services concern dependent people, either children or the elderly, providers must pay particular attention to the beneficiaries’ health. However, care services are not
medical services. Where must the line be drawn? This is a complex issue. It raises the question of the “basket of services” which can be found in one organisation, this basket being defined by the nature of the services, the qualification of the provider and, of course, the prices. Other comparative research in Europe provides evidence of different configurations, in terms of this basket of services, depending on the national social protection and care systems, specific local features and providers’ strategies. As a result the combination of personal care services and medical services varies considerably according to the context. Similarly, one can observe here or there variations regarding the combination of domiciliary care and residential care, or regarding the pathologies that can be dealt with.

Some organisations offer a medical service alongside care services. The distinction is made clear, sometimes because the law and professional agreements separate the two fields. In France, a “carer” cannot provide medical services: this is the function of another well-regulated profession, that of nurses. The same organisation can hence provide both care service and nursing services for the same person, but these two activities will be clearly separated.

The presence of these different services, each one specialised in a particular type of need felt by beneficiaries, is certainly a way of attracting clients. They can in effect reduce their costs by contacting a single organisation. In Germany, this coupling of care and medical services has turned into a real marketing strategy for some for-profit company, targeting in particular the elderly with Alzheimer’s. Such companies provide them with a vast range of services, and the development of this provision is based on important marketing strategies.

2.3 Summary

Delivery strategies for RS providers were analysed in the above paragraphs. More and more, providers tend to organise themselves in networks or clusters in order to have the capacity to be present on different territories and to benefit from economies of scale.

Moreover, the real change in the field is the move towards a diversification of the service. It can be said that this sector is governed by certain ideas that are common in the industrial world: diversification and concentration. This may even lead to a certain uniformisation, as both non-profit and for-profit organisations tend to share common, competition-oriented internal governance. The idea of “institutional isomorphism” boils down to the same thing.

This trend towards managerialism is confirmed by our observations in the different countries in relation to care services. We did not, however, mention above the case of social mediation services. It is indeed quite difficult to compare the strategies of these other services with those in elder care and childcare, which are much more managerial and consumer-oriented. In the case of social mediation, it is the financing body which it is necessary to convince, not the consumer who does not pay anything for the service.

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3. New organisational models and the trend towards managerialism

The introduction of new organisational models in RS organisations pursues different objectives:

- **quantitative objectives**: lowering the cost of the service and providing more service output;
- **qualitative objectives**: making the supply more flexible (opening hours) and accountable (in the sense of providing a standardised service easily recognisable by consumers).

A general trait, notwithstanding these particular objectives, is the observation of new management, monitoring and controlling standards – still directly linked to the innovations in governance seen before.

What do we mean by new management procedures, and why is that linked to new governance models?

- For *new* services, as we have seen in previous paragraphs, it is the contracting-out approach which has been implemented.
- For *existing* services, and this is what interests us here, alongside their possible contracting-out, it is the introduction of new procedures, driven by “customer focus” and the promotion of internal organisational changes, which has been favoured.

This idea is expanded upon in the next few paragraphs, showing how the need to be responsive to beneficiaries’ needs and wishes impacts on the functioning and management of the organisation, and the nature and definition of the service.

This has already been pointed out in earlier sections. The childcare sector, for instance, is becoming a strongly individualised sector: families have particular demands to which RS organisations have to offer a solution, otherwise families may exercise their right to exit if the market is sufficiently large. Such individualisation and customer focus is also widespread in elder care.

Internally, service providers have a tendency to see their practices align under the combined effect of the “market” and the “clients”. **The implications of the evolution from, roughly speaking, models centred on the authority of professionals to more managerialist models are far-reaching** on numerous fronts: basically it tends to completely transform the nature, content and conception of the service. In relation to our purpose in this research, i.e. understanding the implications of innovations on the employment and work conditions of staff, we can point to the two following points:

- the increased role of the user in RS and a client-oriented management;
- management aimed at cost reduction.
3.1 Client-oriented management

This type of management style is strongly present in each of the five countries studied. The fact of putting several providers in competition in a social market encourages improvement in the service offered. This “liberal” principle must, however, be qualified. In effect, the market is often oligopolitical in nature, and the small number of operators can choose to function cooperatively rather than competitively. Thus, with regard to home care services in France, we have observed a more or less explicit sharing of territories and markets. However, this situation does not stop associations from increasingly considering themselves as enterprises. Even if the competition is not intense, the pressure exercised by the local authorities which fund home care to a large extent encourages associations to adopt strict management standards.

In Germany, principally as a result of demand, childcare services are turning away from the traditional form of organisation which offered only a limited number of crèche hours per day, thus rendering full-time employment for mothers almost impossible. Hours are changing to suit working hours and even leisure time. For example, in Bielefeld, the Van Laer foundation has extended its opening hours up to late in the evening, for night workers or people who just want to go to the theatre. This has responded to an important need expressed by people, the director says.

In childcare, working hours are indeed a crucial point. Given the changes in work and labour (night labour e.g.), people need their children to be looked after at almost any time, not only during the day. The solution of extending opening hours is found everywhere. In Spain, the extension of opening hours recently received strong institutional support in Galicia by the publication in July 2005 of a new regulatory decree for all youth care centres. A major aim of this regulation is to support parents in labour market participation, principally at the lower end of the labour market. The implications for employment conditions in these centres remain to be seen, as there is a risk of an increase in part-time work or night work, notwithstanding the specific issue of overtime. Longer opening hours are indeed the sign of a definite trend towards a care approach, together with the ‘educational’ approach, but in this case it is not geared to families with problems, but rather to all families within the ‘work-life reconciliation’ perspective.

User involvement and participation is, lastly, a widespread idea in welfare and social services. In childcare for instance, a crucial dimension of the work of infant education professionals is the relationship with parents. In a model in which professionals are still in control, their professional education has usually made them keenly aware of the need to develop a partnership approach with parents, based on the idea that both professionals and parents contribute, each in their own way, to the emotional, physical and intellectual development of the child, and that they have to communicate about this. This vision is opposed to delivering a ‘clean product’ (in the words of a manager) to parents: “if a child has been knocked by another child, this is unfortunate, but it is not the end of the world. We explain to the parent how this has happened. We also explain that this could perfectly have happened at home with the little brother: the infant education centre is not an aseptic place where the child gets full protection, it’s a living place, just as the home is” (ESCS 12).

Although in a more managerialist model, professionals may also be able to say this, the fact that the Director is accountable to parents, and that more data is provided in written standardised form than through direct interaction with the infant education worker in charge of the child, may mean that these things become more difficult to explain.

The accountability of directors is one of the many dimensions of user involvement in social services. There are different elements and tools, including patients’ charters, complaint management, quality management, etc. One can observe the rise in “participationism”,

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which includes a move towards empowering users, more service dialogues, and above all more user control in designing and running services.

In services to the elderly, “client-oriented” management is strengthened by the fact that, everywhere in Europe, a consensus has emerged on keeping the elderly at home as long as possible. This practice has two advantages: it enables costs to be reduced (cf. the developments in the British case study) and it improves the quality of life for the elderly. It is also, of course, partly responsible for the rapid growth in home care services for the elderly. **Work carried out in people’s homes requires a much more tailor-made approach than care in institutions.**

One can see that such practices do not differ significantly in the for-profit private sector and the non-profit associative sector. In fact, the appearance of for-profit enterprises can only encourage the third sector to improve its management. However, it should also be noted that the emergence of such enterprises is quite limited. We have seen that private companies appear to be more interested in the most profitable niche areas than in core market areas.

These managerial practices apply in the private and associative sector, but also in the public sector. For example, in **Italy** the local authority crèches in Rome have extended their services noticeably both in terms of quantity (with a 50% increase in the number of places in five years) and quality (extended opening hours).

### 3.2 Management aimed at cost reduction

Budgetary constraints are a constant feature observed in all the case studies. While in the majority of cases public budgets are increasing, public authorities expect an increase in the service that is greater than the increase in the budget.

In **Spain**, for example, a local authority crèche reduced costs by 9% per child by putting in place a new form of organisation, making greater use of nursery assistants (who are less well-paid) and implementing a new opening schedule optimising working hours. The new organisational model was based on:

- the introduction of **generic workers** to replace more specialised professionals (see chapter 7 para. 4.2. for more details);
- the introduction of **split working days** instead of continuous working days;
- the introduction of **new management, monitoring and controlling standards and procedures**, through the promotion of the role of the school Directors, and their preparation for taking on these managerial and monitoring tasks.

In Germany the approach is to improve supply at a constant price. In several of the case studies restructuring has taken place through redundancies.

Suppliers are also seeking to achieve economies of scale. As noted above, we have observed a trend towards concentration (for example in home care services in France) and the pooling of certain aspects (such as recruitment and training in the United Kingdom)

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42 Cf A. Evers, “Current strands in debating user involvement in social services”, Discussion Paper for the Group of Specialists on User involvement in social services (CS-US), Council of Europe, available at [www.coe.int](http://www.coe.int)
The **standardisation of procedures** forms part of the same approach. Sometimes this standardisation clearly takes place at the expense of quality. Thus, in home care services, some providers set out fixed times for each element of the service (housework, preparing meals, washing and dressing, etc). This type of approach is to the detriment of the relational quality of the service. In particular, elderly people have a need to engage in conversation with the home carer. Another consequence can be a debasement of working conditions: the carer may take the time to talk with their elderly client, but outside their paid working hours.

In childcare, when it takes place together with split working days and intensification of working hours, this standardisation process may lead to reduced time for peer reviews and the sharing of experience. This is especially negative when classrooms are looked after by several professionals who cannot exchange views. This is the case of the municipal network just mentioned (ESCS 7): the new organisation of the day means that children are passed from one person to the other without much contact or without any contact at all between these people. Support staff appointed for the 8-9 hour leave when the educators arrive. At lunchtime, which is a busy time, one support staff member may take care of half a group whilst the educator takes the other half, and again there is no communication. Another development concerns staff meetings. Staff used to have four hours per week, in one afternoon, to discuss educational and organisational issues, in what could be described as a peer exchange. The new organisation of working hours means that this time has disappeared, and instead staff have one hour a day for administrative and other matters – hence a dramatic decrease in the number of staff meetings, and an isolation of staff in their interaction with children. This is particularly problematic with regard to the integration of support staff.

**The different managerial principles reviewed here have direct consequences for the nature of the service and the working conditions.** On the one hand, user involvement enhances the logic of accountability and modifies the bases of trust between the user and the worker; this could even lead to more litigation. On the other hand, the standardisation of procedures can reduce the interest of work, turning it into a standardised activity with no room for uncertainty and even "non-work" tasks. This is a very important issue: can the service relation be reduced to the technical task only (for instance: helping a frail elderly person get up from bed, or washing him/her)? Or should there be time for talking to the person, even though this is not a care task in itself, and is not paid as such? The risk is that standardisation will “de-humanise” the service. Moreover, the general and undisputed trend towards management aimed at cost reduction is a real issue for the sustainability of the development of the relational services sector, in many respects: working conditions and the attractiveness of the sector for the workforce; equal access to care services; their overall quality. This latter point – quality development and certification – is another element of the managerialisation of practices, as we will see now.
4. Quality, Standards and Monitoring

In French there is a play on words between the “savoir faire” (“know-how”) of an organisation and its “faire savoir” (“how to make it known”). Beyond the issue of quality, which is at the core of relational services, the signalling issue is a crucial strategic one. Communication is becoming a key activity of RS organisations.

It is more and more linked to accountability processes. As Ingo Bode writes, in the case of voluntary associations whose results are evaluated periodically by financiers:

“Stakeholders on quasi- and civic markets demand “value for money”, though in different forms (e.g. the demands appear to be much more output-oriented in the UK than in France where stakeholders are more interested in accounts on process quality, as evidence from initiatives combating homelessness suggest). This poses new challenges in the management of communications. Fundraising and public relations departments have become a “must” for many voluntary organisations in the social welfare sector.”

This management of communication has become necessary in the new governance and partnership context as depicted above. To summarise, we are facing two types of communication: an institutional communication, turned towards financiers and co-contractors; and a market-oriented one, turned towards potential and actual clients or beneficiaries. On the one hand more accountability, in the sense of the quality of the management, is assessed. On the other, it is the very quality of the service which is evaluated by consumers. This is where the procedures for signalling this quality become vital. The very issue is the positioning of the organisation on local markets, where tacit and codified information is circulating among effective and potential beneficiaries. Tacit information on the service emanates from informal discussion between people, by word of mouth. Codified information, by contrast, emanates from marketing and advertising procedures controlled by the organisation. In both cases, trust and confidence are key, and this is what signalling aims at enhancing.

4.1 Quality norms and standards: accountability and monitoring

The RS economy is based on interpersonal relationships where quality and trust are central. From an empirical perspective, we have different examples of how this quality issue is present for RS organisations. It is both an obligation, enforced by public institutions, and a strategy or a commitment.

43 I. Bode, 2005, op. cit. The author concentrates mostly on organisations working to combat social exclusion, where “charity” and hence “charity campaigns” are far more important than in care or social mediation. The end of the quotation refers to something not really related to the core of our research: “In Britain, fundraising is ever more accompanied by aggressive communications (…). For many voluntary organisations, moreover, the demonstration of innovative and successful practices vis-à-vis public bodies has become a “marketing exercise” (…). The aforementioned example of “The Big issue” – which is a project based on a mass medium – is indicative of new ways of advertising a social cause. In France, similar projects have been set up (…). More generally, fundraising campaigns have become a standard management tool in this country as well (…). Organisations supporting homeless people work hard to achieve broad media coverage which is considered to increase fundraising opportunities; social marketing strategies proliferate where voluntary organisations offer personal services, e.g. eldercare (…). Things are no different in Germany. “Sweet charity” is highly mediatised (…), public relations and fundraising have become key issues in the consultancy literature for voluntary organisations (…).”
Here we will have a closer look to these quality obligations. They generally take the form of accreditation procedures. In order to have the right to intervene in protected sectors such as childcare or elder care, associations or companies must comply with certain rules and duties. These legal requirements are present everywhere and are not innovations, of course.

What is innovative is the introduction of norms, standards, benchmarks, etc., in the new modes of governance of these services. As we have seen, the welfare mix in the field of care has created new forms of monitoring and control of local organisations.

Traditional, governmental “hard law” techniques in order to control their activities can be compared with “soft law” procedures aimed at monitoring their activities with incentives and guidelines. The latter are becoming more and more common in the fields of childcare and elder care.

Decentralisation of planning and delivery (decentralisation of production) are matched by parallel processes of harmonisation, either concentrated at the central level (as in the UK), or organised in “multi-level systems of governance” (as in Spain and in Italy). In Germany it is unclear yet how this harmonisation will occur, but there are moves in this direction.

In the UK, the harmonisation element can be seen in attempts to create ‘national standards’ and concomitant national inspectorates and agencies to police these standards in lieu of former controls by local authorities. Although local authorities are the main providers either directly or indirectly of many RS, local decisions in relation to RS spending (e.g., pay settlements) are constrained by national government spending plans (overall local government settlement) and decisions on priorities are constrained by government priorities on spending. Furthermore, a number of Central government-appointed agencies oversee the performance of local authorities. In terms of financial management, the Audit Commission undertakes a Comprehensive Performance Assessment to judge the performance of Local Authorities. In areas relating to RS, a number of centrally-appointed agencies such as the newly-created Commission for Social Care Inspection and Commission for Healthcare Audit Inspection and well-established bodies such the Office for Standards in Education (OFSTED) inspect local authority-delivered services and in some cases have taken responsibility for inspection away from Local Authorities (Richardson et al 2004).

In France, new monitoring mechanisms have been introduced in the last ten years, both in the form of centralised norms issued by public authorities (under the form of administrative accreditation of domiciliary care providers, since 1996). The basic accreditation is comparatively easy to obtain, but accreditation for care for the elderly aged over 70, for disabled people and young children is much more difficult. A parallel development is that of quality charters (i.e. self regulation), and above all certification processes, carried out by two agencies (one public for the third sector, one private for private for-profit companies of services to individuals), both in co-ordination with provider networks. Thus “softer” forms of regulation seem to be important guarantees of the public image and quality of these services in France, which also has implications for smaller providers as they may be unable to fund these quality audits (Yonnet et al 2004).

In Italy, control is exerted within a framework of “multilevel governance”. It is unclear at this stage whether such a multiplicity of levels and areas of control serves to strengthen or weaken the grip of local authorities and partnerships. Law 328/00 defines the role of the different levels of government in a multilevel governance scheme. The role of the central state is: 1) to guarantee, throughout the entire country, uniformity of essential levels of assistance, 2) to subdivide the national fund for social policies among regions, 3) to indicate minimum requirements for residences in which services are offered, 4) to determine professional profiles and curricula of social service occupations, and 5) to replace regions in the case that they fail to offer social assistance.
The regions: 1) evaluate the efficiency and effectiveness of services offered on the basis of suitable indicators; 2) are responsible for provider accreditation; 3) plan proper vocational training for social services staff; 4) determine the cost of services for users; 5) establish tariffs paid by local governments to service suppliers.

Finally, provinces basically serve as interfaces between the region and the municipal authorities (Resca and Sbordone 2004).

In Germany, ‘quality’ has become a major issue in the debate both on employment issues and the quality of the service (elder care). The federal government and the ministries responsible established a “Round Table on Care” in the autumn of 2004 in order to address the main problems in the care sector and to bring together all relevant actors in this field (social partners, national, regional and local government, science, health sector etc.). This initiative is a clear expression of the need for harmonisation and regulation after a decade of de-regulation and decentralisation in this field (Voss and Spitzner 2004).

The content and implications of these new forms of regulation, both for the structure of the supply and for employment and working conditions, are analysed further below.

4.2 Strategic commitments: towards quality development

So far we have evoked a policy process of monitoring the activity of local actors or organisations. If the welfare state is not the direct provider of these services, the state tries to monitor their provision by introducing procedures and standards.

Here we are looking at the issue of quality from the reverse side: quality is not only a standardised obligation, but is also a strategic commitment in order to capture market segments. Internal control procedures also appear to be becoming the rule. Many organisation charts include quality control positions. This quality control is not limited to an exercise in hierarchical authority, but extends to checking that procedures are observed and there is direct contact with the client. Most often the client is not the “direct consumer” of the service: they are parents of children or the sons and daughters of the dependent elderly. The relationship with the client, including establishing the precise content of the service, therefore involves a third party and many service providers have created client manager posts specifically to develop a partnership approach with clients.

As we already pointed out, quality, for relational services, is a commitment to current and future clients, and a strategy both for capturing market shares or maintaining a position. Different processes have been evidenced.

Some service providers have embarked on a certification route. Several of the childcare service providers studied have obtained ISO certification. Likewise, chartered accountants are used and audit procedures are becoming more common.

In Germany, in care for the elderly, DECE 04 has implemented a “quality development process”. The first issue was a written overall concept that was developed in the presence of the employees, board of management and members of the association (that is the legal status of DECE 04). DECE 04 is a member of a charity, so DECE 04 participated in two “quality conferences” held by the charity mentioned. A quality handbook has been developed with the help of the charity. In the case of DECE 05, also, a quality management system was developed by the charity with the help of DECE 05, which belongs to that charity. A guideline for human resources management was developed and certified by the charity.
In France, quality charters (i.e. self-regulation) are now enforced by a recent law. But standardisation procedures are not an obligation, but depend on the will of the organisations. These certification processes are carried out by two agencies (a public agency for the third sector, and a private one for private for-profit companies providing services to individuals), both in co-ordination with provider networks. It is a costly and tough process to obtain the standards. Therefore, few companies have undertaken this process for the moment. Paradoxically, they are over-represented in the French case studies sample.

Still in France, a system of exchange of good practices has been tested within the FRCS 6 network. These experiences are capitalised and transferred to the actors in the network via a “toolbox” methodology. The aim is to improve global quality in this elder care organisation. This structure coordinates 90 providers of domiciliary care. It has formalised a method aimed at improving the quality of the whole service based on the observation of good practices in the network. The toolbox is a set of practical processes for optimising the professionalisation and qualification of the services. It consists of advice and instructions regarding management, quality signalling, improving relations with the user, etc. The result is a collective learning process.

In Spain, ESCS 1 has engaged in a multi-level quality process. This company was set up at the end of 2002 on the basis of a diagnosis that there was a potential market for childcare services paid by large-scale employers (both private employers and administrations), because there was an unmet demand for childcare on the part of their female employees. The company wants to offer a whole range of services to address these needs:

2. reserving childcare places in its own childcare centres for companies subscribing an agreement
3. setting up and managing childcare centres for single companies or administrations
4. providing consultancy services for the proper arrangement of spaces and the design of childcare centres in commercial/ residential/ industrial areas.

This company insists on the promotion of a quality nursery sector. Thus they do not view their company merely as a provider, but rather as an agent of change. Their diagnosis of the sector is (rightly so) severe and they aim to contribute to changing it by ensuring quality on all fronts: quality (and innovation) of contractual procedures with the administrations, quality of the supply (they are currently engaged in applying ISO 9001), quality of employment (especially through offering permanent contracts) and of course legal compliance, etc. They do not hesitate to denounce the current prevailing criterion of public tenders (i.e. prices) issued by administrations as well as the conditions demanded by private companies wishing to subcontract the management of workplace childcare centres, which is of course in their interests as well as in the interests of the sector, and something which not many providers take the trouble of doing. In addition, the quest for “quality” in the company studied has, to some extent, implications for staff in terms of employment contracts and career opportunities. However, wages remain very low.

The company emphasises the provision of quality services, which for them means (taking into account the fact that they are positioned in the upper segment of the market, with wealthy customers):

44 According to a 2001 report by the Spanish Federation of Infant Centres (Federación Española de Centros Infantiles), of the private centres in Spain at that date, only 10% were complying with the law set out in the 1991 decree (Real Decreto 1004/1991). The decree was suspended in the meantime by the Popular Party government, and there is currently a legal void as the new Socialist government is preparing new legislation on education.
- Innovating in the services provided (e.g. they are now providing preparatory English; on the other hand, they are also preparing a bilingual childcare service for children of foreign parents who want to have their children raised both in Spanish and in English).

- Having an ongoing relationship with parents (daily reports on how their children have spent the day, eaten etc.; ad-hoc meetings; quarterly collective meetings; quarterly reports on educational progress – these reports are prepared by the tutors and reviewed by the multi-disciplinary team formed by a speech therapist, a psychologist, a paediatrician and a psychomotility expert);

- Providing guarantees of security (blocked accesses, cameras etc.) and hygiene (all staff wear shoe protections in the classrooms, sick children are requested to stay at home etc.)

Total quality also means abiding by absolutely all existing regulations, which may seem the basic minimum, but is not in the sector:

- accreditation by the Autonomous Community;
- municipal licence;
- data protection procedures;
- etc.

In the same vein, the promoters insist that their company is the only ‘audited’ company in the education sector (financial audit carried out by a private cabinet). Finally the company is in the process of applying standard ISO 9001 (education sector) and of training staff for this.

**Standards and certification are in effect becoming a way of guaranteeing a high level of quality to people.** As pointed out by the report on employment in social care by the European Foundation for the Improvement of Living and Working Conditions, “The introduction of quality measurement systems across the care sector can have many positive effects. From the user’s perspective, an independent classification system can empower clients to find the service that best suits their needs and gives them more confidence in using the social care system. From the care worker’s perspective, quality measurements and comparison with other providers creates an atmosphere of competition, challenging old-fashioned, routine services and encouraging innovation. Raising the quality of the service and providing more user-friendly, consumer-focused services helps care workers to remain in employment. This is particularly important in urban areas where employment opportunities are plentiful and staff turnover is high” (p. 42-3).
5. Conclusion

The professionalisation of management thus appears to be another important trend. It poses a challenge in terms of the tension between quality and price. On the one hand, the professionalisation of management makes it possible to reduce production costs. In most cases these are back office costs. The standardisation of tasks makes it possible to reduce front office costs. On the other hand, management itself comes at a cost (audit, quality control, etc).

The challenge is to ensure that concerns over cost constraints do not lead to a debasement of the quality and quantity of the service (and hence the job). Public authorities and social partners therefore have an essential role to play in achieving clear balances between the pursuit of quality and customer satisfaction on the one hand and the lowering of costs on the other.

This is a challenge being faced in most European countries; the matter is well documented at national and European level. There is therefore an urgent need for public debate to establish what development model we want in Europe for services to private individuals.
Part 2

Working conditions and job quality.
Issues and innovative trends in relational services
Presentation and goals of Part 2

In direct connection with the previous section on modes of governance, delivery and organisation, this Second Part is dedicated to the analysis of working conditions and job quality in RS sectors. Chapter 4 and Chapter 6 will expand on micro-elements drawn from the case studies, while Chapter 5 will cover some macro-elements (drawn from the Phase 1 & 2 reports). Overall, this part will provide concrete examples of how legal rules, collective agreements, management and delivery strategies, etc., are implemented in practice, and will question their impact on the quality of work and working conditions.

The link with the previous elements concerning governance is that the State as a purchaser demands lower costs. At the same time, however, the State as a regulator demands higher quality standards as well, but not in respect of conditions for workers. As a result, it seems that workers tend to bear the cost in some cases. In effect, as will be illustrated in the different chapters, our study suggests that contracting-out results in poorer terms and conditions, with poorer or no collective agreements. Moreover, the entry of the private sector into care marks could reduce the terms and conditions offered by traditional third-party providers with collective agreements being replaced by enterprise-level agreements. Most often direct purchasing results in users choosing the cheapest, unregulated option. This might benefit newly-professionalised carers at the expense of existing workers (except where a new market is created). These tendencies are however not irremediable, we would argue. But this demands a strong political will and societal choices in favour of the development of a sector with good working conditions. We will see that some efforts are being undertaken and different innovations are being tried out to raise job quality. These different practices must be examined.

While the previous part concentrated mainly on organisational and governance issues, this part is mainly about work and labour. RS are indeed generally conceived as a sector with strong potential for job creation, for economies with high unemployment rates. However, jobs do not emerge spontaneously. All the same, these jobs are seen as low-qualified jobs; the workforce is not easily substitutable or interchangeable, and employers operate real selection among candidates. Many competencies are required. Moreover, if these are sectors with strong potential for creating jobs, people need to be encouraged to work there: why for instance work in elder care rather than as a cashier in a supermarket?

These points raise other issues. Are these jobs more than simply jobs for “returning” to the labour market (mature women), for reintegrating (the long-term unemployed) or for having a first experience (unskilled young people)? This “transitional” or “opportunities” perspective should be debated.

The different sections in this Part will offer some empirical elements to think about in relation to these issues.

In Chapter 4, the impact which changes in governance and delivery have on the workforce is debated, drawing on national examples. One common feature is a trend towards precariousness and poor job quality, regardless of the national social protection system or the health of the economy.

In Chapter 5, some macro-elements are presented with respect to the quantitative aspect of job creation. While the focus is often put on this quantitative outlook, we claim that the qualitative aspect of job creation should not be ignored.

In Chapter 6, we then go on to analyse experimental practices and innovations aimed at raising job quality and enhancing working conditions. We elaborate on several dimensions of
job quality: the nature of labour contracts, wages, working hours, and access to social protection. Other dimensions, more specific to the nature of care work, are also mentioned. We follow this with a chapter dedicated to the issue of recruitment, workforce expansion and retention. There are many obstacles to the idea that RS represent a straightforward reservoir of employment. We explore these obstacles and the efforts made to combat them by individual or collective organisations.

Chapter 7 raises several complex issues concerning recruitment, workforce expansion and retention, while Chapter 8 will develop two interconnected lines of innovations: innovations with respect to skills development and qualifications, and innovations regarding the definition of tasks, occupations and activities at work.
The aim of this section is to analyse the impact of the general introduction of social markets and contracting-out, and the more frequent resort to management methods for contracts and work relations. We will also consider the transformation of the workplace due to greater resort to subcontracting and contracting-out, and to the "managerialist changes" noted in the previous part.

The first important development that emerges from this can be described as the transformation of the employer-employee relationship. New governance patterns and the existence of "triangular" relationships between the provider, the client and the financing and regulating instances impact on this relationship, as the following examples will show (1).

We empirically consider how trends such as contracting-out or the entry of the private sector might result in poorer terms and conditions (2). In addition, the trend towards social markets, where users can, under some conditions, be the final employer of the care worker, entails many risks. The role of organisations and institutions is crucial here. Moreover, the generalisation of the purchaser/provider model, analysed above, might often result in users choosing the cheapest, unregulated option, as already noted several times.

1. The transformation of the employer-employee relationship

The first point that must be emphasised is that the implementation of a cost-saving and flexibility rationale is made possible by the transformation of the employer-employee relationship involved in contracting-out, with the intervention of a third party: the paying party, or client. The ambiguity resulting from this triangular relationship has already been studied in recent years (e.g. Supiot 1999, Morin 1999 and 2001, Earnshaw et al. 2002) and this research has provided more illustrations of the mechanisms and consequences. The question asked by Earnshaw et al., 'who is the employer?', is updated yet again in some of our case studies, both from the point of view of the 'objective' criteria which were traditionally used to define the employer-employee relationship, and from the point of view of employee perceptions and expectations.

In labour law, the employment relationship has above all been associated with legal subordination. As Alain Supiot noted in 1999,

‘the changes observed in the exercise of power in labour relations have not to date led to questioning the notion of subordination as the primary consideration in the legal definition of what constitutes an employment contract’ (Supiot 1999: 12).

In Spain the notion of subordination is implemented by means of two concepts, that of ‘dependency’, which, in the Law on Workers, refers to the fact that the services performed fall within the scope of ‘the organisation and control (dirección)’ of another person, and that

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45 This section draws extensively on the Spanish report.
of 'externality' (cuenta ajena), which refers to the fact that the means and produce of these services belong to that other person and not to the performer of the service.

As noted in the Supiot report, and in the studies mentioned above, one of the key problems facing labour law today is that of the regulation of ‘triangular relationships between the user firm, the sub-contractor and the employees of the latter. In principle, under legal sub-contracting, there is no legal relationship between one company and the employees of another. And yet the employees’ lot may depend more on decisions made by the principal than on those of their actual employer. This is particularly true where the sub-contractor is exclusively financially dependent on the principal, whose decisions may determine not only the number of jobs, but also vocational training policies, work organisation etc. In such situations most labour law provisions become ineffective’ (ibid., p. 17).

In fact, in several of the cases analysed in this research, the ‘principal’ or client organisation (usually an administration) defines the service in a very precise way (service contents, opening times, user profiles, prices, staff qualifications, co-ordination requirements, quality monitoring requirements etc.) so that the organisation of the service and of the human resources and work itself are defined by the client. This definition of the service sometimes even goes so far as to include its methodological (e.g. educational) orientation.

Let us illustrate our point with a significant case drawn from the Spanish research. The example is that of a partnership agreement between a municipal authority and a provincial federation of Parents Associations for the provision of educational leisure programmes in public schools in a city of Galicia (ESCS 14):

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<th>Who is the employer?</th>
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<td><strong>The case of a municipal programme of educational leisure carried out ‘in partnership’ with a Provincial Federation of Parents Associations (ESCS 14)</strong></td>
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The first agreement was signed for the school year 1999-2000 and has been renewed annually since then. In the last school year (2004-2005), it included ‘socio-cultural training’ activities (general educational leisure programme, delivered in six public schools, 520 participants); sports activities (27 schools, 1630 participants); and a pilot programme for educational leisure before classes start (‘getting up early’, three schools, 80 participants). The staff employed by the Federation for these leisure programmes includes one administrator and assistant administrator, 42 educators of educational leisure and 48 sports educators (about 24 sports educators are also taking part in the educational leisure programme). It has to be noted that the Federation does not employ any staff apart from the staff allocated to the programme: all of the Federation’s other activities are carried out on a voluntary basis by elected parents.

The municipal funding for these programmes amounted to about €395,000 for the year 2004-2005, which represented about 72% of the total cost of the programmes, the rest being paid through parent fees.

The programme has been designed mostly by the technical officers of the municipal education services, and is closely monitored and co-ordinated by the municipal officer in charge. The ‘Metropolitan Forum’ of the municipality authorities is where the educators meet, where the technical co-ordinator of the programme works, and where everything which does not take place in individual schools is occurring: in short it is the main workplace.
for the programme staff. Thus the municipal officer in charge has a day-to-day relationship not only with the programme co-ordinator employed by the Federation, but also with individual educators.

What is more, the agreement between the Municipal Authorities and the Federation spells out the very considerable role of the Municipal Authorities at the same time as it explicitly rejects any claim of employer-employee link between the Municipal Authorities and the staff recruited for the programme (a usual article found in public contracts, perhaps more surprising in the case of a partnership agreement). Thus clause 7 reads: ‘The Municipal Authorities will determine the guidelines of the programme, will assume its co-ordination and control, and will authorise any duly-justified change in the programme which affects the optimal use of resources. (The municipal authorities) will appoint a technician member of its staff with the aim of supervising the content of the issues addressed in this agreement, be it with respect to planning or with respect to the staff of the programme’. The full responsibility and control of the Municipal Authorities over the programme is thus clearly established: the only thing it does not do is employ staff.

The fact that the Municipal Authority is the programme designer, the programme organiser, provides the workplace, funds 3/4 of the service, trains the educators and takes part in their recruitment, and provides some of them with additional jobs to complement their income sources, clearly positions it more as an employer than the Parents’ Federation.

What is more, some of the educators are also employed by the Municipal Authorities in other leisure programmes (for adults), because the Municipal Authorities want to provide some employment stability and better income sources to those educators who are considered the ‘most committed’. In other words, for the young educators, the ‘real’ employer, and the one they have most contact with, is the Municipal Authorities (education services). To them, the Parents’ Federation is only an administrative operator, responsible for providing them with their wage slips and little more. This is strongly reinforced by the fact that the Federation is located in a different building, at the other end of the city, and the young educators never go there except at the beginning of the academic year to sign their contract. At the beginning the administrative officer of the programme, located in the Federation’s building, made the effort to go regularly to the ‘Metropolitan Forum’ (the municipal buildings in which the programme is located) but became tired of this. As a result the separation is quite strong, and this contrasts with the proximity with the municipal services. Thus, in actual fact, the role of the Federation of Parents Associations is limited to the administration of the programme and the supply of staff.

(to be continued)

The role of the provider then boils down to that of a provider of labour, of a labour market intermediary, which, however, is not recognised as such (the only legally recognised case of labour market intermediation being that of temporary work agencies). However, a union respondent warned that, although this could be the conclusion of our observations, it would be very difficult to transform this into a case for the labour courts. It is extremely rare that the courts will describe a subcontracting relationship as an illegal transfer of labour.

A labour provider or supplier is in a position to apply a less advantageous collective agreement than the one which would be applied had staff been employed directly by the client organisation or administration. In addition, the limitation of the duration of employment contracts to the duration of the public procurement contract (or equivalent) is now usually recognised as legal in Spain, even if the contract is renewed from one year to the other and this seems to convert the provider into a permanent organisation. This of
course makes contracting-out to third parties a very advantageous option for client organisations, as only the months of activity are paid.

Who is the employer?

The case of a municipal programme of educational leisure carried out ‘in partnership’ with a Provincial Federation of Parents Associations (ESCS 14)

(continued)

The educators of the educational leisure part of the programme are contracted for eight months (from October to May) on contracts ‘for works and services’. In addition, the mode of payment by the Municipal Authorities and the uncertainties of children’s registrations (by term) mean that they are hired on the basis of two subsequent contracts, one running until the end of December and the other one starting in January. The few days’ preparation in September are compensated for ‘in some way’. The hourly wage is much better than what is usually the case in the sector because the Federation applies the ‘collective agreement for private education companies subsidised totally or in part with public funds’. However, there is no seniority payment, and almost no unemployment protection under such contracts (eight days per year for a full-time contract).

Even when the provider is a company or an organisation specialised in the provision of infant education or educational leisure services, with its own strategy and approach to the services, it tends to consider each client as a separate and autonomous ‘project’, with its own funding conditions and requirements, and its own staff allocated to it. Contracting-out naturally reinforces such mechanisms. The autonomy of these ‘projects’ means that staff may not be regarded as company staff, but as project staff, and that therefore the company has no obligation to provide them with work beyond the duration of the project. In practice companies and organisations may try to ‘compensate’ for this, for example by assigning staff to one project after another. But this of course has very serious consequences on employment conditions and on the employer-employee relationship. Basically it amounts to transforming the commercial risk, which used to be the responsibility of companies, into employment insecurity for workers; in other words transferring risks and insecurities from employers to employees (Frade and Darmon 2005).

The above example is of course an extreme case, with the role of the service provider reduced to that of a temporary work agency, minus the legal constraints.

However, in more general terms, this illustrates the problem that the social partners are facing. How can a collective agreement be negotiated when prices and working conditions are to a large extent determined by the public authorities? How can a national or even regional agreement be negotiated when the contractors are municipal authorities? It seems quite clear that local actors, including employers, do not wish to see social market rules centralised at national or European level. However, between excessive centralisation and decentralisation, which may result in a reduction in social rights, there is room for monitoring which could, among other things, take the form of national or regional collective agreements with which not only employers but also contractors would have to comply.
Existing collective agreements

The triangular relationship of the employee, whose status depends in part on his employer and in part on the public authorities, is expressed in social dialogue and collective negotiation. Here are two examples that illustrate this paradoxical situation.

In France, a collective agreement was reached in 2002 in the home care sector; this provided for an average pay increase of 24% over 3 years. However, the legal minimum wage (SMIC) has grown by 14% in 3 years, which reduces the increase to 10% for the lowest paid. Moreover, in order to apply to all enterprises, this agreement should have been extended erga omnes by the Employment Minister. Fearing the impact of this agreement on local public finance, the Minister did not finally extend the agreement until April 2005. This example illustrates perfectly the complex relations that exist between social partners, the central State and local public authorities.

In Catalonia, an agreement was signed in March 2005 between social partners in the leisure education and socio-cultural sector. It was extended erga omnes by the regional government. This agreement was the product of a long process of negotiation which, on the trade union side was aimed at improving job conditions, and on the employers’ side at putting an end to supposedly unfair competition between for-profit and non-profit sectors. The agreement led to a noticeable increase in pay and is likely to bring about a limitation on the use of insecure job contracts.

We can therefore see that each time room to manoeuvre is restricted and that, to a far greater extent than in other sectors, the social partners are obliged to take a third actor into account – the public authorities. These two examples highlight the need for some form of monitoring at national or even European level of working conditions in the sector of services to private individuals.

2. The impact which innovations in governance and delivery have on individual employment contracts

The following pages provide an initial overview of working conditions in the five countries, drawing on the qualitative elements included in the national case studies. Our case studies largely reflect national conditions. We will try to analyse more particularly the impact on workers of the forms of governance and delivery of RS studied so far, like the rise in contracting-out and project management.

One the one hand, contracting-out, as we have seen, means that an organisation from the independent sector is contracted to deliver a particular service, financed by a public authority, for the duration of the contract/tender. In this particular contractual relation – with actors of generally unequal weight (the state, or the region, and a small third sector organisation, for instance) – it is the financing body which lays down the rules. We will see that working conditions represent a very small part of the contract. This is the result of a contradictory focus on costs in tendering conditions, which appears to be incompatible with enhancing job quality.

On the other hand, “project management” refers to the necessary strategies that local organisations have to pursue in order to manage these contractual relationships with the authorities. Without this public funding, they could not be present on the market. They are thus compelled to take into account the rules laid down by public actors and to manage an obvious uncertainty linked to these contractual or competition-oriented modes of governance. In this context, it is interesting to see how this uncertainty is managed every day in the different countries. As a result, the transfer of risks and insecurities onto staff is not only characteristic of organisations working in the framework of public tendering, but of
any organisation of providers of series of services and even of ‘projects’, whether such projects are funded through public tendering, subsidies or through the market.

2.1 Spain

2.1.1. The impact of project management on working conditions

In the Spanish infant education sector, permanent full-time contracts are mostly found in publicly-owned services. These are also the services, however, where subcontracting is resorted to: the conditions of subcontracted staff are generally much more precarious (temporary, part-time contracts for few hours), especially those for support staff which have been arranged in the last few years. By contrast, better conditions were negotiated for cleaning and cooking staff, who are also hired by subcontractors. These sub-contracts were made already quite some time ago, and the bargaining conditions were different. Union respondents in ESCS 7, for example, told us that they had demanded that the privatisation of these services, which they had initially opposed, be ‘compensated’ by a transfer of staff to permanent positions and under the same conditions as when they were employed by the municipal authorities. In addition, cooking and cleaning staff have full-time contracts. Staff of newly sub-contracted providers are not the only ones who find themselves in precarious positions, however: the way in which temporary leave (e.g. due to sickness) is dealt with, i.e. through ‘substitution exchanges’, is also a source of precariousness (see below).

In the other emerging segments of the infant education sector, i.e. subsidised private provision and provision through municipal public procurement, the insecurity due to the renewal of yearly subsidies or municipal contracts (even though these are usually for more than a year) is transferred by providers directly onto staff through temporary employment contracts. In some cases, e.g. ESCS 12, at the beginning, even though the municipal contract was for four years, employment contracts were concluded for eleven months, not even including holidays. Thus the insecurity due to public procurement sometimes combines with the insecurity of new companies being set up specifically to apply for these public tenders – which seems to be a rather frequent case. This latter factor, i.e. the fact that new companies may not want to take too many risks at the beginning, can then subside: in effect, the company in question has started to convert temporary contracts into permanent contracts. However in other cases (ESCS 9, ESCS 8, ESCS 10), the funding framework appears to have a decisive influence on employment conditions.

Two illustrations

ESCS 5, for instance, is an interesting case of a private subsidised childcare centre with its specific way of managing precariousness. In particular, the co-operative members, who, according to the legal ratios of qualified staff per class, could in principle handle the service by themselves, realised (as all staff interviewed in the sector) that this was impossible. They thus chose to limit their income and recruit support staff instead (in the morning when there are more children). They are also demanding in terms of quality of the service as they have hired a psychologist for staff supervision. However, perhaps out of fear that the yearly subsidies will end, they do not usually make staff permanent (one exception). Staff usually stay for four years (with a total of five contracts), and then move on. Wages are very low, due to the small number of hours (less than five a day). But staff do not complain as this is a widespread situation and because there are few childcare centres with so much support staff (in the public sector there is almost no support staff, or only at specific hours).

ESCS 12 is a limited company, offering primarily childcare for the 0-3 year-olds, but currently preparing for a slight diversification (out of school workshops for 3-6 year-olds). This contracted out municipal infant school is an example of the entire dependence of small
municipal providers on local authorities. It has a staff of 12, and its organisational structure is quite flat and ad-hoc. All employees are women. ESCS 12 illustrates (together with other case studies in the other region) the initiative taken more and more by local authorities to create new childcare arrangements through outsourcing. The company managing the municipal childcare centre is illustrative of the small local companies of professionals which still seem to be the preferred choice of municipal authorities, and of their precarious situation. Six staff members are on permanent contracts, while the rest are on temporary contracts of 11 months, renewed each year. This means that they are on unemployment benefit during August (except when the school remains open in August, as some of them have their contracts prolonged). According to the manager, the choice of temporary contracts was first made because the company was just starting, and then continued because the company cannot be sure to win the tender again when the current contract finishes (next year). The manager wants to convert all temporary contracts into permanent contracts if the company wins the next tender and this has been talked about with staff: staff respondents say that they are aware that the ‘managers’ want to make them all permanent and that it is only a question of time.

We asked the municipal officer about this – could they take into account the share of permanent contracts in the bidding companies in their selection criteria? The response was probably revealing of a wider behaviour amongst local authorities: they simply had not thought about it. He was surprised at the enquiry. Temporary employment has become such a structural pattern that it seems nobody takes responsibility. We also asked whether the unions in the municipal authorities were active on this front, but, according to this officer – and unsurprisingly – they are concerned with the employment conditions of staff employed directly by the municipality authorities, but do not pay attention to those of the staff in outsourced services.

In the educational leisure sector, the number of cases studied is more limited but, from our interviews at sector level, it can be said that the vast majority of staff are still recruited on temporary part-time contracts (contracts for works and services), whatever the funding framework (public procurement, subsidised programmes, or pure market provision). Much of the activity is funded by parental fees (lunchtimes and out-of-school activities), on a regulated market rather than a quasi-market of public funding. However the pattern is often similar: educational support at lunch hours, before and after class, takes place during the school months: when the school closes, the employment contracts stop.

The importance of temporary part-time contracts is in part due to a tendency of providers to consider these jobs, in the past, as jobs for volunteers and nowadays as ‘opportunities’ to ‘improve one’s employability’, ‘small jobs’ for students or complementary jobs for women returning to the market whose husbands already earn a living. This is something which the Catalan collective agreement for educational leisure has sought to address, through the promotion of ‘permanent discontinuous employment contracts’ which had traditionally been reserved for seasonal workers (see below).

In sectors or markets in which the service essentially consists in the provision of labour, and where labour costs are the main costs, such a form of organisation allows for maximum labour flexibility and therefore economic gains. In particular the strict coincidence of working hours with the hours of the services delivered is what makes these markets attractive and low-risk for providers, at the cost, however, of high labour turn over and staff mobility. But providers can become experts in the management of such problems, e.g. by managing ‘labour exchanges’ to which people apply and from which substitutes can easily be drawn. This is the case in the educational leisure sector in Catalonia, where many young people, having worked as volunteers in the sector, then apply to such ‘exchanges’ in the hope of getting a substitution job and then a more stable post. Indeed, in ESCS 6, which provides an example of a large third sector group in Catalonia, the ‘mother foundation’ offers ESF-funded training leading to
the degree of ‘monitor’, and most participants on leaving the training scheme apply to this exchange. In ESCS6, the patterns of working hours strictly follow those of activity – for example a ‘monitor’ employed in a school may have one hour in the morning before classes start, and 3 hours at lunchtime. Hours for co-ordination meeting are kept to a minimum and generally obtained by subtracting a quarter of an hour per day from front-line attention to children.

ESCS 14 (Provincial federation of parent’s associations in public school centres), is also an illustration of how occupations are constructed in the leisure sector, with a typical pattern of combination of employment contracts for very part-time and fixed term jobs in order to achieve acceptable levels of activity and income. The mosaic of employment contracts is well personified by the portrait of A., an animator in this centre:

<table>
<thead>
<tr>
<th>The mosaic of precarious contracts. The case of “A.”, animator in ESCS 14</th>
</tr>
</thead>
<tbody>
<tr>
<td>A., 28, who has a degree in physical education, started her ‘career’ in 1998 by being a ‘group animator’ in the Metropolitan Forum of the municipal authorities (she started with a 4 months contract, periodically renewed). She thus worked with the municipal officers who designed the Luditarde programme: it was thus quite logical that he called her when the programme started to recruit. She became involved from the start in the programme and is now a school-level co-ordinator. Apart from that she has maintained her activities of workshop animator in the Metropolitan Forum, but these are managed by another company, which also has a partnership agreement with the municipal authorities. She is also employed by the catering company as lunchtime educator in the school where she acts as co-ordinator of the educational leisure programme. The Federation of Parents Associations has won another contract with the municipal authorities whereby it organises workshops for children on Saturday mornings, and she is also involved in this. They also won, as already said, the tender for organising the summer camps, and she takes part as an educator. She thus has several employment contracts with the Federation, covering 3 different types of activities; one contract with a leisure company subcontracted by the municipal authorities, and one contract with the catering company. Not all activities take place all year so she has peaks of activity and periods of lower activity (e.g. September, with lunchtime services only, and only 2 weeks). On average, however, she manages to do paid work for 30 hours a week, except in the summer months, where summer camps only employ her 15 hours a week. In actual fact, the number of hours is much greater. Her wages vary between € 720 and € 900.</td>
</tr>
</tbody>
</table>

In addition to this portrait and to what was stated above, it is important to note that the precariousness of the employment situation generated by the systematic resort to temporary contracts is increased by the fact that educators are informed of the renewal of the programme and of other job opportunities at very short notice (although the programme co-ordinator tries to warn them as much in advance as possible). The duration of the contracts, for the administrator and the auxiliary, is 10.5 months. Their contracts are renewed annually, but the federation had not made them permanent at the time of the interview, even though the administrator has been working on this basis since 1998. For the educators, the duration of the contract corresponding to the leisure programme is 8 months. There are an additional 2 months for those involved in the summer camps, but this corresponds to another contract.

Employers and/or client organisations may try to ‘compensate’ in part for this insecurity which they themselves have transferred to staff by ‘offering’ them various work opportunities, at the same time or at different periods of the year. This is especially true in the sector of educational leisure which is seasonal, with activities typically taking place during the school year and others taking place during the summer. For staff, this may translate into a more or less regular level of activity and income, but also into:

- a multiplication of employment contracts, and sometimes of employers for staff;
- the application of different collective agreements;
- the absence of seniority and the existence of periods of gap without any activity;
- employment opportunities at often very short notice.

Employers and/or client organisations in a position to offer different work opportunities to staff thus benefit from their practical knowledge (competencies, ways of working etc.). Initial job opportunities play the role of selection mechanisms, and, by the same token, offering further work opportunities to those staff assessed as the best performers enables them to rely on staff experience and enhance professional know-how without bearing the burden of a permanent team.

2.1.2. Tender specifications and working conditions

Still in Spain, consistently with the low-cost rationale, tender specifications usually do not pay much attention to employment conditions, even at the minimum level which would be to indicate the collective agreement to be implemented and to mention the application of labour law and/or the provisions of collective agreements as performance criteria: this is what is advocated, for example, by unions and third sector federations at European level in their campaign for the national implementation of the revised EU public procurement directives46.

A significant example (ESCS 7) is provided by the way in which problems of excessive support staff turnover were dealt with in a municipal infant education service. In this case, support staff jobs were created as a result of a team re-organisation, and the appointment of this staff was made on the basis of contracts with external providers. After two years of the new model, it appeared that there was a lack of continuity of staff throughout the year, particularly true in the case of some providers. Following complaints put by professionals and parents and a report by the ombudsman, the municipal authorities, assisted by the unions, changed the tender specifications for this public procurement contract. It is thus interesting to compare the award criteria for 2004 and 2005 (see table below).

46 See Practical guide on implementing and contracting under the new revised EU public procurement Directives. Available for example from www.epsu.org.
Table 4.1. – Award criteria in the public tender for the provision of support staff for a municipal infant education service

<table>
<thead>
<tr>
<th>Economic criteria (up to 30 points)</th>
<th>2004</th>
<th>2005</th>
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<tbody>
<tr>
<td>2 points per 1% decrease of the price, maximum decrease of 15%</td>
<td>2 points per 1% decrease of the price, maximum decrease of 15%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Quality and technical criteria (up to 30 points)</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality of the co-ordination mechanisms set up (7 points)</td>
<td></td>
<td>Improvements in the rapidity of substitutions with regard to what is demanded in the specifications (up to 10 points)</td>
</tr>
<tr>
<td>Quality of the educational aspects (activities proposed, evaluation etc.) (8 points)</td>
<td></td>
<td>Increase in global supply of hours of staff planned in the specifications without any additional cost (up to 5 points)</td>
</tr>
<tr>
<td>Capacity to address the specific characteristics of the school (12 points)</td>
<td></td>
<td>Presentation of a selection plan for staff (up to 5 points):</td>
</tr>
<tr>
<td>Training of the staff allocated to the school (1 pt), Selection process for staff (1 point)</td>
<td></td>
<td>Explanations concerning assessment of training of staff (2 pts)</td>
</tr>
<tr>
<td>Other quality improvements with regard to minimum required in tender specifications (1 pt)</td>
<td></td>
<td>Explanations concerning assessment of attitudes and personal characteristics of staff (2 pts) Consistency of the plan with the objectives of selection (1 pt)</td>
</tr>
<tr>
<td>Improvements in the rapidity of substitutions with regard to what is demanded in the specifications (up to 10 points)</td>
<td></td>
<td>Presentation of a continuous training plan for staff (up to 5 pts):</td>
</tr>
<tr>
<td>Increase in global supply of hours of staff planned in the specifications without any additional cost (up to 5 points)</td>
<td></td>
<td>Explanations of their objectives (2 points) Consistency of plan with training objectives (1 point)</td>
</tr>
<tr>
<td>Presentation of a proposal of service quality indicators (up to 5 pts):</td>
<td></td>
<td>Presentation of a proposal of service quality indicators (up to 5 pts):</td>
</tr>
<tr>
<td>Explanation of each indicator (2 points) Explanation of monitoring method for each indicator (2 points) Consistency with need for service control and adjustment (1 pt)</td>
<td></td>
<td>Explanation of each indicator (2 points) Explanation of monitoring method for each indicator (2 points) Consistency with need for service control and adjustment (1 pt)</td>
</tr>
</tbody>
</table>

What do we learn from this comparison, beyond the equal weighting between economic and technical criteria (which is usual practice)?

- In 2004 (and before), providers were regarded as educational service enterprises: they had to present an educational project, ensure adequate mechanisms of co-ordination, and tailor their services to the reality of each school. Requirements concerning the training and selection of staff were present but did not count for much, presumably because it was expected from such specialised providers that they had the adequate human resources. In 2005, the perspective changed completely: quality and technical criteria are much more detailed, respond to immediate concerns of the municipal authorities, and, above all seem to treat providers essentially as providers of a labour force (which is indeed what they are) rather than as educational specialists. No more demands on educational projects: what counts is the labour supply. This is yet another example of the diversification of the forms of labour market intermediation which we are witnessing in Spain (and in other European countries) through the generalisation of public procurement and the stricter regulation of temporary work agencies. The only requirement which could, in principle, depart from this rationale is that of the design of quality indicators. However, as the service supplied mainly consists of supplying labour, indicators are likely to concern the performance of this supply (e.g. rapidity of substitutions, staff punctuality and absenteeism, etc.);

- As already said, the technical award criteria introduced in 2005 reflect quite clearly and directly the concerns of the municipal authorities following staff and parents’ complaints. By ‘directly’ we mean that there is not much detour to analyse the causes: the problem is identified and transferred straight away to providers, and
ultimately to the staff hired. Thus, the high rotation of staff is addressed by requiring providers to offer a plan for quick substitutions. In any case, even where causes are identified, they are linked to individual characteristics of staff: hence the demand for a plan for the selection of staff with selection criteria including ‘attitude and personal characteristics’ as well as training.

- There is, by contrast, absolutely no mention of employment conditions, even indirectly, for example, by indicating a qualification requirement. One of the award criteria (the suggestion of increasing the global volume of hours supplied without any additional cost) is even a perverse incentive to maintain low-wage costs, whereas it is well known to the unions, and acknowledged by the local authority, that one of the causes for staff turnover, in addition to the working hours and the low number of such hours, is the poor pay.

**However, there are some interesting, though limited, exceptions to this lack of interest in employment conditions in tender specifications, in particular in relation to the promotion of staff stability (see below).**

### 2.2 France

In France, the main issues for domiciliary elder care – also emphasised by the recent government plan for developing relational services – concern:

- low wages;
- the extent of temporary work and the parcelling out of working time (these issues being of course linked);
- the demands of mobility from one workplace to another (and the need to own a car, which excludes many people from the start);
- the lack of internal training and promotion opportunities.

But, as noted above in the Spanish case, employees are often satisfied and express positive judgements about their work. This is a paradox that must be addressed later on.

In elder care, almost 90% of jobs are under permanent contract, but mean working time is only about ten hours a week. **As a matter of fact, stability in employment does not eliminate the risk of poverty or precariousness. A permanent job does not provide financial autonomy, because it is often a part-time job.**

Our French sample has excluded the informal market and all the mutual agreements not passing through an organisation ("marché de gré à gré"). It can be seen that almost all the workers in this sample do have a permanent contract. The widespread use of this type of contract in the French case can be explained by the will of these delivery organisations to make jobs more attractive for job-seekers or workers, and to increase the latter’s loyalty. Moreover, the present growth in RS is predicted to go on for several years, which gives incentives to employers to improve stability in employment. Last but not least, this type of contract offers a series of tax reductions for employers which is another strong incentive.

Nevertheless, job quality cannot be reduced to one indicator – the permanent nature of the labour contract. Doubts can be raised about the pertinence of this indicator in indicating the quality or, on the contrary, the precariousness of the job. Part-time contracts are in effect the main factor of precariousness, not fixed-term contracts.
Part-time mainly results from the special features of the service, and not so much from specific project management. Domiciliary care implies working at specific hours, but is not very compatible with full-time arrangements, principally because of transport. This situation of a social market in domiciliary care is thus very different from the Spanish case where the case studies were located in institutional childcare or educational leisure. Part-time work is also very often a demand expressed by workers.

As Annie Dussuet has put it, for French workers in the domiciliary sector, “precariousness does not look the same as in the male labour market: very few temporary jobs, and very few fixed-term contracts” (Dussuet, 2005: 47, our translation). The general introduction of permanent contracts is an interesting and commendable practice, though such a contract may also mean part-time hours and, hence, part-time wages. In a situation where the bargaining power is not on the side of the workers, mainly because of the absence of a collective representation of their interests, improving the quality of their work, despite this noticeable trend towards permanent employment, has still a long way to go. The main cases for innovation thus concern working time (with organisations which have tried to expand it) and wages (for instance, by guaranteeing a fixed monthly income, independent of the fluctuations of activity), notwithstanding professionalisation and qualification, as we will see in the next chapter.

In France as well, different collective agreements apply in elder care, which results in conflicting, paradoxical and unclear situations.

The French domiciliary elder care system is characterised by the existence of three modes of delivery: the “provider” (préstataire) system, in which an organisation or company is the employer of the carer, who works at different places (the organisation “rents” the services of the carer); the “mandatory” system, in which the organisation offers some framework for the carer, in terms of organisation of planning and administrative work, but it is the beneficiary of the service (the old people at their homes) who is the direct employer of the worker; the “direct employment” system, lastly, in which there is no organisation, and which consists of a direct binary employment and service model.

This last model apart, there are two models of “triangular” relations, with a major role for organisations, which are innovative actors at a local level (see Part 2 on Governance and Delivery). However, the existence of these two modes of provision has increased the competition between “providing” and “mandatory” organisations, even between “providing” and “mandatory” services inside a single organisation, as what is called “dual activities” is a widespread possibility. In terms of quality of work and employment, this coexistence of different models of contractual relationships has ambiguous effects. For clients, it is more and more difficult to analyse the differences between organisations and between fees. Moreover, for workers themselves, who sometimes are recruited partly through the “providing” system and partly through the “mandatory” one, the labour relationship and the definition of wages are more and more unintelligible (Gadrey N et al: 170).

In this rather confused situation, if someone works for two organisations, “it is not rare that a worker successively occupies, during a single day, both statuses [“providing” and “mandatory”] and therefore navigates from one collective convention to another” (Dussuet, 2005: 43). Each time, the rules fixing the level of wages, the right to paid holidays, to career advancement etc., are modified, which makes things very complex for the workers.

2.3 Germany

The German report also provides a good overview of working conditions in the sectors observed. There are at least three important features of the childcare workforce in Germany:
- First, less than half (44%) work full-time, the figure being as low as one-fifth in the new Länder (Eastern Germany), where reduced working hours were introduced after unification to limit job losses. This means that most early childhood education and care workers cannot rely on their employment alone to support themselves financially.

- Second, 14% have temporary contracts and the proportion is increasing. Here again, the old Länder (Western Germany) with 17% of temporary contracts compare less well with the new Länder at 7%.

- Third, and this is not particular to Germany, the great majority of workers are women – about 95% in 1998. Also, as is common elsewhere, the younger the children the fewer the men, while the more senior or prestigious the work, the higher the proportion of men. The gender ratio falls well short of the goal set in 1996 by the European Union's Childcare network of experts, according to which 20% of the staff in early childhood education and care day facilities should be men. On the other hand, the rate that has been reached means for the old Federal Länder a ten-fold increase in comparison with the figure at the end of the seventies.

Concerning wages, nursery teachers/Erzieherinnen earn around the average wage, which is roughly in line with other occupations with a similar level of training. Most voluntary providers also align themselves with the federal salary scale (BAT) within the public service and with the collective agreement supplementing it for the pay scales of civil servants without life tenure in the social and educational service of 1991. Slight differences will therefore be left unmentioned here, including the fact that a special variant applies to the territory of the new Federal Länder. According to BAT regulations the work actually carried out determines remuneration. Nursery teachers who carry out a management function are paid like social educators or qualified educators in the same position. Conversely, specialist staff in the group service with a university degree do not receive a higher remuneration than nursery teachers with a technical college graduation.

In the hierarchy of educational professions, nursery teachers are also at the bottom of the ladder when it comes to remuneration. Experts are thus of the opinion that the status of early childhood promotion for the development of children and the social significance of this task is not sufficiently considered.

Another problem arises from the high proportion of part-time work. The trend towards part-time employment in day facilities for children has grown continually in recent years. Furthermore, there are more and more jobs involving temporary contracts, in the west more than in the east. This means that work in a child day facility does not offer a sufficient livelihood for some section of the staff. Additionally, the continuity of the relationships between children and reference persons and the continuity of the educational work is at risk if part-time working is generally the rule despite the fact that the facilities are open all day. On the other hand, part-time work provides employment for nursery staff and prevents unemployment. After all, part-time work is often what employees want and what fits their individual career and life plans. German law provides for a right to part-time work, provided there are operational reasons for it. Remuneration of nursery staff is based on basic pay plus local allowance, general allowance and remuneration level allowance.

We have so far focused on the workforce in childcare centres, but the childcare workforce also includes family day carers – Tagesmütter. Their situation is quite precarious.

This group of generally home-based workers had often in the past received no training. Some change is taking place, however, as more organisations for family day carers are established, which provide some form of initial training, with possibilities for on-going support and training. Pay and other employment conditions for this part of the workforce have not been similarly improved, although organisations may try to impose some common level of charges in their locality. Depending on the federal state and region the pay runs
from €150 to €435/month per child, depending on the hours of care provided. Moreover, the bulk of this money is supposed to cover expenses rather than being a salary, in the usual sense, for work undertaken. This means that the standard charge is not expected to provide a living wage. The precariousness of the job is further increased because there is no guarantee of filling places on offer on a long-term basis, nor are family day carers covered by unemployment insurance, as they are in a legal sense – as a rule – self-employed.

There are no reliable figures on the number of children in day-care or on the number of child-minders. However, recent estimations calculate a total figure of approx. 45,500 childminders currently working in Germany.  

2.4 United Kingdom

In this section we explore the implications of contracting-out of work for the care workforce in UK, which enables us to put forward the prior analysis drawn from the Spanish case. Given the small number of case studies which explore this issue in detail, care should be taken in generalising the results, though we do try to place our findings in the context of other research. Individual local authorities negotiate their own contracts with the independent sector and, although there is guidance and standards, the relationship between procurer and provider will vary between local authority areas.

Turning first to the question of the **differences in pay rates between the public and independent sectors**, it is clear from Table 1 that, although there are small differences between the amount paid across the independent sector, the clearest difference is between those workers employed by the local authority and those employed by the independent sector. There are no exactly comparable national figures with which to compare these rates. The ONS Survey of Hours and Earnings does provide data on care workers, but does not distinguish between care home workers and domiciliary care workers. Looking at both sets of workers Eborall (2005) suggests (using ONS data and looking at gross weekly pay) lumping together public and voluntary sector workers and demonstrates that the weekly pay of this composite group of workers was 22 per cent higher than for private workers. Unfortunately, the statistics do not distinguish between the public sector and the voluntary sector. **Our case studies suggest that not only is basic pay higher in the public sector (though still poor), but that premiums make weekend working, in particular, more rewarding for public sector workers. They also suggest that firms, whether in the private-for-profit sector or in not-for-profit sectors, have little room for manoeuvre to reward workers as wages must be in line with hourly rates awarded under contracts with the local authority.**

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Table 4.2. – Comparison of hourly rates for Domiciliary Care Workers by Type of Employer

<table>
<thead>
<tr>
<th>Type of organisation</th>
<th>Mon-Fri Daytime</th>
<th>Mon-Fri Evening</th>
<th>Sat</th>
<th>Sun</th>
<th>Travel time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local authority</td>
<td>6.06</td>
<td>7.27 (= x1.2 premium after 20.30: also applicable to people working more than 37 hrs per week)</td>
<td>9.09</td>
<td>12.12</td>
<td>Paid at hourly rate</td>
</tr>
<tr>
<td>Charity</td>
<td>5.20 (plus 0.10 for NVQ2)</td>
<td>5.20 (plus 0.10 for NVQ2)</td>
<td>6.00</td>
<td>6.00</td>
<td>0.30</td>
</tr>
<tr>
<td>Private sector</td>
<td>5.00</td>
<td>5.20 (after 19.00 hrs)</td>
<td>5.50 (after 21.00 hrs)</td>
<td>6.00</td>
<td>6.00</td>
</tr>
<tr>
<td>Social enterprise:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Per half hour contact time</td>
<td>2.93</td>
<td>2.93</td>
<td>3.23</td>
<td>3.23</td>
<td>0.30</td>
</tr>
<tr>
<td>Per hour contact time</td>
<td>5.15</td>
<td>5.15</td>
<td>5.75</td>
<td>5.75</td>
<td>0.30</td>
</tr>
</tbody>
</table>

It is clear that public sector care workers are ‘protected’ by collective bargaining though their pay is still of course poor in relation to average earnings. It is worth noting, though, that changes underway in the local authority sector (Single Status Agreement) and in the NHS (Agenda for Change) may well improve the pay and conditions of care workers over the coming years, though the situation will vary between localities as detailed negotiations take place at these levels. The evidence, however, suggests that the Single Status Agreement (SSA) is improving the situation of local authority care workers. The SSA put forward a Single Status Job Evaluation Scheme which sought to introduce ‘objective’ factors to ensure that workers carrying out comparable tasks should be appointed at the same scale point. Each local authority is required to undertake a detailed analysis of the work tasks prior to implementing the SSA. This process should take into account: knowledge and skills factors, efforts, demands, responsibilities and environmental demands.48 A principle outcome of this more ‘transparent’ approach to grading and wage setting is an increase in the relative pay of women. The NJC Agreement and accompanying guidance makes it clear that “the pay and grading of jobs must be fair and non-discriminatory, complying with equal pay legislation and associated Codes of Practice”49. A number of local authorities are being hit with equal pay claims from women who have successfully demonstrated that they have been paid at a lower rate than men doing comparable work. For example, blue collar activities dominated by male workers which are regarded as having the same status as care jobs often receive bonuses, whereas carers do not. Local authorities appear to be moving to avoid further legal actions in this area and this is likely to be reflected in future settlements. The local authority in UKCS4 recently reached an out-of-court settlement with the workforce to the value of £10 million on an equal pay claim. Individual workers will get settlements ranging from £55 to £9000. The main beneficiaries will be women manual workers, including care workers, who have not in the past benefited from bonuses, unlike their male blue collar counterparts. Since no extra money has been made available by the government to implement the Single Status Agreement increases for some workers will be at the expense of others.

The independent sector also offers fewer benefits to staff than the public sector.

To summarise briefly:

- **Sickness pay**: The NJC also provides for a sickness scheme which supplements Statutory Sick Pay. Leave entitlement under the scheme varies according to the

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48 NJC (Undated) NJC Guidance on Equal Pay and Grading.

49 NJC (Undated) NJC Guidance on Equal Pay and Grading.
number of years worked, ranging from one month’s full pay and two months’ half-pay for those having completed four months’ service to six months’ full pay and six months half-pay after five years’ service. The independent sector organisations, by contrast, offered only statutory sick pay. This is in line with other research which relates to care homes (as opposed to domiciliary care): “Nearly all private sector care home operators pay no more than Statutory Sick Pay (SSP) to hourly-paid nursing, care assistant and domestic staff.”

- **Pensions**: Although pensions are not covered in the NJC Agreement, workers are offered the opportunity to join the local authority pension scheme (LGPS) which is a statutory, public service, final salary scheme funded by employer and employee contributions. Unfortunately, we were not able to ascertain the numbers of care work staff who took advantage of the pension entitlement. Evidence from other studies suggests that thirty-four per cent of female part time local authority workers were not in the scheme. This is likely to include many low-paid care workers.

Research into pensions in the independent sector suggests that there tends to be a lack of pension rights in this sector. This is illustrated clearly by the fact that the formula by the health and community care analysts, Laing & Buisson, for setting fees based on operating costs does not included provision for employer contributions to employee pensions: “Based on almost universal private sector practice, zero has been adopted as the benchmark for the employer’s pension contribution on-cost for hourly paid care and domestic staff.”

Recently, the government introduced Stakeholder Pensions which were aimed at attracting lower-paid workers to invest in pensions. These pensions are operated by private sector financial service companies whose service charges are capped in order to minimise administrative costs. Employers with more than five workers and who do not already offer an occupational pension must offer access to a Stakeholder Pension to their workforce and must offer to deduct contributions through their payroll system. Employers do not make a contribution to Stakeholder Pensions. Workers covered are those who have worked more than three months continuously for the employer and have earned more than the national insurance lower earning limit for that period. None of the three independent sector organisations provided an occupational pension. None had had any interest from the workforce in accessing Stakeholder Pensions through company payroll systems. Stakeholder Pensions have been widely criticised for slow take-up and for being most beneficial to the middle classes and they are unlikely to offer a solution for low-paid workers in the care sector.

- **Social Dialogue**: UKCS12 and 13 suggests growing penetration by UNISON in the independent sector, particularly in nursing homes and agencies which provide support services to the private sector. Trade union representatives in the north-east also suggested some progress, though it was more difficult to organise in domiciliary care than in care homes. Of our three independent sector case studies in elder care in the north-east, only the social enterprise (UKCS1) had union representation.

- **Working hours**: It is well known that social care workers, particularly those dealing with the sick and elderly, work hours which many would regard as antisocial. Our case study interviews with management, workers and unions suggested that this is regarded by the industry as being unavoidable and is generally accepted by those who enter it. In the area of domiciliary care, one of the great concerns of both workers and

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50 http://www.jrf.org.uk/knowledge/findings/socialcare/634.asp


52 http://www.jrf.org.uk/knowledge/findings/socialcare/634.asp

53 For example, by the TUC: see 'Stakeholder pensions have failed to plug pensions gap' http://www.tuc.org.uk/pensions/tuc-8058-f0.cfm
employers is the lack of guaranteed hours for staff. Management were concerned about the impact of this from the perspective of recruitment and retention as well as because of a 'paternal' concern for the workforce. The lack of guaranteed hours creates feelings of uncertainty (precariousness), particularly for new workers, and places pressure on workers to work more hours than they would necessarily work in order to secure an income.

Whereas the local authority had recently introduced guaranteed hours for their in-house workforce, none of the independent organisations (UKCS1, UKCS2 and UKCS3) were providing guaranteed hours, though the social enterprise (UKCS1) had set up a working party to consider the issue.

The view from the union side was that terms and conditions were generally inferior and, as one respondent suggested, “the independent sector would try to get away with the minimum requirement they can and that is the same across the whole country”. There was some optimism, however, with the feeling that recent regulations and guidance on tenders, together with the advent of the minimum wage, was improving conditions. European and UK legislation has strengthened the unions’ position in terms of being able to threaten legal redress, which could result in large pay-outs to employees, though this is a slow process.

2.5 Italy

In Italy we have a public service mainly contracted-out to social cooperatives, so that in the end the contractual regime applied by local public institutions is an exception, and the contractual regime applied by social cooperatives is the norm.

“S.” (ITCS 3) is a public service, implemented in March 2004 by the municipal authorities of Rome, which is the main promoter. This service is financed by public funds from the Social Policy and Welfare Department of the municipal authorities. It provides practical support to the elderly who live alone, under-age children in difficulty, disabled people, foreigners, the homeless, etc. Support is given in terms of direct psychological assistance, establishment of a plan for re-insertion into social life, direct health assistance, accompanying plans aimed at job placing, etc.

“S.” employs 96 professionals, some (20%) are employed by the municipal authorities of Rome and the rest (80%) by various social cooperatives bound by public tender to implement the service. So we have two different contractual regimes for the two groups of employees: the first is covered by the national collective agreement of local public institutions (CCNL Pubblico Impiego), and the second by the collective agreement of social cooperatives.

It is therefore mainly through this second channel that jobs are created. This involves public tender procedures addressed to social cooperatives that will be in charge of the public service implementation and functioning. Few employees are recruited by the municipal authorities by public competition or professional contracts.

Public tenders are issued by the municipal authorities every four years. According to the tender’s rules, social cooperatives have to guarantee some important conditions: respect of the national collective agreement, equal opportunities for men and women, social welfare, safeguard of health conditions for employees, etc. As reported by the operators interviewed, these conditions are sometimes not met. Some social cooperatives pay great attention to the safeguarding of the national agreement and to health and social providence guarantees, while others ignore these issues and apply rules at their discretion. So the working conditions (working time, wages, career progression, workload, etc.) and the welfare system may be very different for the various operators.
Recruitment of new professionals is strictly connected with the financial resources available and, as reported by one of the managers interviewed, each year we run the risk of receiving a smaller amount of resources because the financial law adopted by Central Government assigns less money each year to Italian municipal authorities. It is up to the municipal authorities to decide on the allocation of financial resources to different sectors of activity. In 2005, the municipal authorities of Rome confirmed the same amount of resources as in 2004 for the Social Policy Department and for the social emergence unit, and the number of employees was preserved.

Each year operators fear that their contract will not be confirmed because of this uncertain economic situation. One of the operators interviewed said: we have a one-year horizon; we cannot establish any personal plan or project even though we are aware that this service is now essential for a big town like Rome and that it cannot be closed down...we hope...

3. Conclusion

Our study suggests that contracting-out often results in poorer terms and conditions, with poorer collective agreements or none at all (Italy, Spain and the UK). The entry of the private sector into care markets is lowering the terms and conditions offered by traditional third party providers (Germany, Italy), with collective agreements being replaced by enterprise-level agreements. In addition, direct purchasing often results in users choosing the cheapest, unregulated option. This benefits newly professionalised carers at the expense of existing workers (except where a new market is created). Temporary contracts prevail in Spain, while in countries like France most of the contracts are permanent. But in all countries part-time jobs are the norm. Low wages are a major concern everywhere.

In Spain, we have seen that invitations to tender place the emphasis on price and flexibility and that employment contracts are characterised by extreme insecurity. It is still too early to evaluate the impact of the 2005 collective agreement in Catalonia. We saw that an employee working in the children’s socio-cultural activities sector, with a degree in physical education, holds three jobs concurrently, with a total of 30 hours during the school year. During the holidays she organises outdoor play activities for 15 hours per week. Her pay varies between € 720 and € 900. This example is a good illustration of working conditions in the sector.

In France, where there is a need to attract more workers and where service providers generally have the benefit of longer-term contracts with sponsors, open-ended working contracts are the most common. On the other hand, most home carers work on a part-time basis. Invitations to tender also give greater weight to the working conditions.

The situation in Britain reflects both the rapid development of the sector and its swing from public service towards the private sector. Currently, public sector employees are significantly better paid than those in the private sector, whose pay is close to the legal minimum wage. Furthermore, only a minority of companies are trade unionised.

Qualitative illustrations have been provided for the countries, emphasising in particular the main impact of contracting-out for workers, with the increase in project management and the passing-on of uncertainty to them. Social markets and contracting-out, we argue, imply a downward pressure on costs, hence on human costs. But the nature of the service also counts: there are differences between domiciliary care and institution care. The situation may be more worrying for the former, because it is a very specific zone for social law. When the purchaser is also the employer, the situation lacks collective protection and this is a crucial challenge for the future of social rights. In the second case, when work takes place in a single workplace, we have seen that multi-employer situations exist (see the Spanish case, but also the French one and the Italian one), meaning that the worker can be trapped in specific situations that derogate from traditional labour law.
These initial elements throw some light on the situation of workers in RS in the different countries. Naturally, this picture is based on our case studies, and one should not generalise too rapidly. However, many other elements drawn from other national studies and literature confirm the worrying trajectory of working conditions in the expanding sector of RS. **There is a paradox and a conflict here.**

The paradox is that never before have relational services been given such a central role for the future of our societies. However, this has not to date been accompanied by a high level of consideration of the workers in these services. Sometimes, the impression is that this economic sector is just being used for the purpose of job creation or as a job reservoir. The actual activities of care workers, and their working conditions, is never emphasised as it should be. Without these workers, the sector cannot fulfil its role and provide the social utility expected from it.

The conflict lies at the intersection of the different expectations vis-à-vis this sector. On the one hand, public authorities and consumers demand high quality standards. On the other hand, however, the market approach and the competition-oriented governance behind the development of social markets and contracting-out mean that the purchasers (direct users, or local authorities or the government delegating the service) demand lower costs.

The link between public decisions – often not made explicit – with regard to the modes of governance and working conditions is rarely made. However there is a direct linkage, as this conflict shows. **The current trend is supported by a cost rationale, in a context of pressure regarding social expenditure.** In our five countries, this is the first rationale. It is, however, possible to develop other ways of ensuring the economic development of relational services, encouraging social and sustainable development, and going beyond a minimalist, “economicist” approach. It seems that Scandinavian countries have chosen a different path for development.

This brief overview (our case studies contain abundant examples) confirms the impact of governance on individual situations. **Working conditions can only be the product of a complex approach involving employee representatives, employers from the for-profit and non-profit sectors, local public authorities and States.** We can also see the need for explicit compromises. Given that there is considerable convergence as regards these changes at European level, there is clearly cause, if not to legislate, at least to implement an open method of coordination. Member States could, by means of an employment guideline, encourage all partners to enter into compromises of this sort.

In one of the following chapters (Chapter 6), we will try to see what kinds of innovations have been implemented so far in order to enhance working conditions in the different countries. Some collective and single-provider initiatives have entailed some improvements with regard to raising job quality. These efforts are noticeable, even though maybe too localised to really change the overall picture which has emerged so far. These are encouraging directions to be taken at a broader level, provided that it is collectively recognised that it is more than necessary to choose another path of development, and that there is still time to do this.
In order to compare the quantitative development of jobs in relational services, a common yardstick is required. There are two difficulties that limit the comparisons we can make in Europe. Firstly, the term relational services is used in the plural. There are several types of service delivered by providers belonging to different branches of activity. The content of the services is far from being an institutional unit that can be identified simply by using the nomenclature of statistical data. Work is therefore essential to pinpoint relational services among the nomenclature used in national statistics. This work consists of identifying branches of activities in which relational service jobs are in the majority. But that is not the end of the story as national nomenclatures of occupations are not harmonised. This is the second obstacle we face when making a comparative European analysis. All of which underlines the difficulty involved in quantifying jobs with precision.

In effect, in order to identify relational services statistically we need to descend to the most detailed level of the nomenclature (NACE 700 for European nomenclature). However, the more detailed the national nomenclature becomes, the less harmonised it is. At the most detailed level of the national nomenclature, the occupational content of a job is not identical. The activities are therefore not comparable. In other cases it is difficult to find equivalences between two national nomenclatures. A service may be classified in two different branches according to the nomenclature. It is important to underline that the European nomenclature (NACE) could provide a good tool for comparison but various items of information, particularly at the most detailed level, are missing from the database. We have therefore used national nomenclatures where activities are comparable and the NACE where the relevant data are available. These difficulties in measuring suggest the need for reliable databases at a European level; research into the development of services to private individuals in Europe also depends on the existence of cognitive tools and serviceable measuring tools.

1. Employment in relational services and coverage of social needs

Figure 1 below provides a simple typology. It shows the relationship between the ratio of coverage of need and the level of need. The coverage ratio reflects the number of employees\(^{54}\) in relational services for every 1,000 inhabitants who may potentially require these services (the elderly and very young children), weighted by the female employment rate. This indicator of the level of need was constructed for the research.

\(^{54}\) For the sake of comparison, we have only selected jobs in the branches of Social Work Activities and Private Households with Employed Persons, N 853 and P 95 respectively of the European NACE nomenclature. This of course has its limits. One should note that: (1) the female employment rate does not reflect the part time/full time distribution. If talking about FTEs, needs in the UK won’t be so high; (2) children are often dealt with in the education sector so its absence here is problematic; (3) coverage is high in Spain because of the presence of the branch P95, in other words due to domestic work
Some countries like the United Kingdom and France, show a high level of relational service needs in comparison with the Mediterranean countries. Within this group the rate of coverage varies. France, for example, is characterised by a quite high level of need and coverage ratio. By contrast, in the United Kingdom the level of need is highest while the coverage ratio is one of the poorest. The UK has a manifest lack of jobs in services to private individuals.

Italy and Spain apparently have a lower level of requirement, linked to the low level of female employment and the low birth rate. However, the growth rate in employment in these services is quite high in both these countries (over 3% during the last decade). Spain, given the very low level of needs and a very high growth rate (3.6% per year), shows the highest cover rate of the five countries studied. Italy, which has the same level of needs as Spain, has a large deficit in relational services jobs even though growth in this sector is high (3.2%).

Germany provides a median model. Its relational service needs are at an average level between France and the United Kingdom on the one hand and Italy and Spain on the other. However, its coverage level is quite low. It is far closer to that of the United Kingdom and Italy than to that of France and Spain.

In all the countries and all the regions, the rate of growth in relational services is significantly higher than the growth employment rate in the economy as a whole (except in the United Kingdom). At the same time, there is a rapid rise in need in all countries and all regions. Everything suggests that need will continue to increase in the coming years. It is therefore necessary and desirable that public action should support growth in employment in relational services, particularly in countries where these jobs are struggling to develop.

The model on which this analysis is based does not take account of important factors such as self-help (voluntary or family), the quality of life and life expectancy of the elderly, the prevalence of dependency rates, etc. These are factors that have a positive or negative effect on the expansion of those employed in relational services.
2. Characteristics of employment in services to private individuals

2.1 The majority of jobs are filled by women

Relational services are characterised by the feminisation of jobs. The share of jobs held by women in these services has been constantly growing during the last decade\(^{55}\) (see figure 2). When we talk about job growth in relational services, we are necessarily talking about growth in female employment. Around 80\% of relational services jobs are filled by women in France, the United Kingdom and Spain. This ratio is relatively lower in Italy (66\%), but this is the country in which the proportion of women employed in relational services is growing fastest.

2.2 A large proportion of part-time jobs

Part-time work accounts for a far larger share of work in the social services (M-Q including relational services) than in the other sectors of the economy. This is true of all the countries studied (see table 5.1.) but with significant national differences. The proportion of part-time employment varies between 15\% (in Italy) and 43\% (in the United Kingdom). If we take

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\(^{55}\) The data given here continue to be drawn from the two branches mentioned above. We have no data for Germany. With regard to Spain, we have no long-term national or regional data. However, as we know that the female employment rate is increasing in these countries, there is no reason to believe that the trend in relational services is any different from other countries.

\(^{56}\) This includes branches of the following activities: Education + Health and Social Work + Other Community, Social and Personal Services + Private Households with Employed Persons + Extra-territorial Organisations and Bodies.
only relational services into account these proportions appear to be far higher. In some services, such as home care for example, part-time jobs are in the vast majority.

Table 5.1. Share of part-time jobs in “M-Q services” (2002)

<table>
<thead>
<tr>
<th>Types of employment</th>
<th>Ger</th>
<th>Fra</th>
<th>Ita</th>
<th>Spain</th>
<th>UK</th>
<th>EU 15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part-time employment (economy as a whole) (%)</td>
<td>23%</td>
<td>18%</td>
<td>12%</td>
<td>10%</td>
<td>28%</td>
<td>21%</td>
</tr>
<tr>
<td>Part-time employment (M-Q* services) (%)</td>
<td>37%</td>
<td>31%</td>
<td>15%</td>
<td>20%</td>
<td>43%</td>
<td>34%</td>
</tr>
<tr>
<td>Share of women in part-time employment (economy as a whole) (%)</td>
<td>85%</td>
<td>83%</td>
<td>73%</td>
<td>80%</td>
<td>79%</td>
<td>79%</td>
</tr>
<tr>
<td>Share of women in part-time employment (M-Q* services) (%)</td>
<td>87%</td>
<td>88%</td>
<td>80%</td>
<td>85%</td>
<td>88%</td>
<td>86%</td>
</tr>
</tbody>
</table>


* “M-Q services: Education + Health and Social Work + Other Community, Social and Personal Services + Private Households with Employed Persons + Extraterritorial Organisations and Bodies.

2.3 A widespread use of short-term employment contracts

Table 5.2. shows that according to the methodology used (i.e. the “M-Q” services), the proportion of employees hired on fixed term contracts is far higher in terms of the average for the economy as a whole in three countries: Germany, France and the United Kingdom. Job flexibility in these services is greater in comparison with the other sectors.

Table 5.2. Share of jobs with open-term contracts in “M-Q” services (2002)

<table>
<thead>
<tr>
<th>Types of employment</th>
<th>Ger</th>
<th>Fra</th>
<th>Ita</th>
<th>Spain</th>
<th>UK</th>
<th>EU 15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of fixed-term contracts in the economy as a whole (%)</td>
<td>12%</td>
<td>14%</td>
<td>10%</td>
<td>31%</td>
<td>6%</td>
<td>13%</td>
</tr>
<tr>
<td>Share of fixed-term contracts in M-Q services* (%)</td>
<td>16%</td>
<td>18%</td>
<td>11%</td>
<td>31%</td>
<td>10%</td>
<td>16%</td>
</tr>
<tr>
<td>Share of female fixed-term contracts in the economy as a whole (%)</td>
<td>47%</td>
<td>53%</td>
<td>50%</td>
<td>43%</td>
<td>53%</td>
<td>49%</td>
</tr>
<tr>
<td>Share of female fixed-term contracts in M-Q services* (%)</td>
<td>68%</td>
<td>72%</td>
<td>74%</td>
<td>76%</td>
<td>70%</td>
<td>72%</td>
</tr>
</tbody>
</table>


* “M-Q services: Education + Health and Social Work + Other Community, Social and Personal Services + Private Households with Employed Persons + Extraterritorial Organisations and Bodies.

In comparison with the European average, Spain has very high proportion of fixed-term contracts in social services (31% as opposed to an EU average of 16%). Conversely, Italy and the United Kingdom are well below the average. France and Germany are at the European average.

In conclusion, jobs in relational services show common characteristics in all the countries studied. Most of these jobs are filled by women; pay is close to the contractual minimum; part-time work and short-term contracts are more widespread in these services than in the rest of the economy.
2.4 Size of organisations

RS are provided in France and Spain by small and very small enterprises, and by medium-sized enterprises in Germany and the United Kingdom.

We have seen phenomena of concentration in all the countries. Associations in France have tended to group together in the past decade.

The professionalisation movement described above is leading to the establishment of relatively large structures. Some government policies such as the creation of platforms are having the same result. Moreover, market mechanisms also involve concentration mechanisms.

All indicators show a trend in the same direction: a probable growth in average size of service providers in Europe. This is indeed good news since larger service providers have greater market power with public regulators, and since a social dialogue can develop more easily within medium-sized and large enterprises.
How can job quality and work conditions be enhanced in the RS sector? The choice has been made, below, to start from the experiences observed on the ground, in our case studies. We can broadly distinguish between innovations concerning the contracts offered, the working time conditions, the wages and social rights. Sometimes innovations are mixed.

These innovations emerge either from single organisations, or from collective initiatives. In particular we will take a closer look at a directive launched in the UK in order to improve the two-tier workforce, and to two collective agreements in France (for elder care workers) and Catalonia (for educational leisure sector). The critical analysis of these initiatives will aim to assess their actual effects on workers.

Before going into the details, a first general definition of what we mean by quality of work is necessary.

1. **What does quality of work stand for?**

Quality of employment can be analysed from several angles. Amparo Serrano (2003) usefully distinguishes three notions behind the idea of quality of employment:

- "**quality of work as a means**", which boils down to wages and access to social rights and social protection, which are attached to the worker’s status. This also boils down to stability of relations, for precariousness of employment damages several non-work domains;

- "**quality of work as an end**", which boils down to autonomy at work, variety of the job, self-accomplishment, creativity, career development, possibility of learning, etc.;

- "**fairness**", which refers to structural inequalities and injustices in the domain of work, like gender inequality and other forms of discrimination.

Such an approach leads us to look not only at the dimensions of the quality of employment and work, but also at inequalities between different segments of the labour force, which admittedly is a completely different focus. This is justified, however, by the fact that a number of current policy initiatives focus on fighting differences between different segments (e.g. addressing two-tier workforces) rather than on improving the quality of jobs across the board.

This first approach needs to be completed by more practical categories of analysis. It has proven useful, for our research, to take up the dimensions put forward by the European Foundation for the Improvement of Living and Working Conditions. The Dublin Foundation has distinguished four dimensions, which are in turn specified in different items, as the following graph shows.

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Graph 6.1. – The promotion of quality of work and employment: four dimensions.


Some of these dimensions do not refer to characteristics of the jobs themselves, but rather to the trajectory of job-holders or to the job context, which are different levels of analysis. Of course, company policy and sector conditions as well as national legislation and other contextual factors all impact on these dimensions, so that we could say that these different levels cannot be dealt with separately. On the other hand, some of these dimensions are clearly not characteristics of single jobs and should be looked at more globally. These are in particular:

- workers’ rights in the sense used by the Foundation, i.e. gender segregation in access to certain jobs, and rights to information and consultation;
- “learning organisation”, which clearly refers to organisational policy;
- “career development” which also refers to company/organisational policy, although it might also be that certain jobs may always be considered as transition jobs by the employer, and others as “traps”;
- “social infrastructures” enabling people to reach a better balance between working and non working time are provided more in the local context of the company/organisation than specifically attached to a job.

Hence we have not strictly followed the different items mentioned in the graph. The research has been qualitative, and we fully recognise the need for additional quantitative and global material. Moreover, the objective was not to benchmark countries with regard to
a particular set of indicators, which could have proved very relevant, but which is the subject of another study. The preceding sections already focused on a series of fundamental items, like labour contracts, working hours and wages. We will go on to analyse the particular initiatives that have attempted to raise job quality in the different domains and countries.

2. **Quality of work and the nature of labour contracts**

First we will analyse some sources of inequalities between RS workers, and then we will see what innovations have been implemented.

2.1 Collective agreements and the nature of the employer

A first aspect is contractual relations between the worker and the employer(s), and the collective protections and agreements relating to the labour contracts. The degree of labour market segmentation is strongly linked to the nature of these contractual relations, at the organisation level and at a collective level.

A second aspect that needs be taken into account is the nature of the employer.

2.1.1. Collective agreements

Staff with similar jobs and qualifications may have very different employment and working conditions depending on the collective agreement or the absence of a collective agreement.

In the UK, most RS workers in the public sector are covered by some form of collective agreement, both in terms of salary negotiation and in respect of terms and conditions. These tend to be a mix of a national agreement and locally-agreed detailed agreements. As most public sector RS workers are in local authorities, the relevant locus of collective bargaining is the National Joint Council for Local Government Services (NJC) (since 1997). Interviews with trade union representatives suggest that there are some national framework agreements between unions and large voluntary sector organisations within which local negotiation takes place. For private sector providers where there is trade union representation, local (i.e., enterprise-level) negotiations are the most likely outcome. This difference in coverage has consequences on: levels of basic pay (unqualified or low qualified employees in the public sector are still better paid than in the private sector); overtime (likely to be better paid in the public sector, although there seem to be abuses there as well); temporary and casual work (not frequent in the public sector, whilst it is the dominant form of employment in some RS, e.g. domiciliary care, through the use of “zero-hours contracts” – Baldauf 2003); and pensions (Pensions are not covered in the NJC agreement, but the local authority pension scheme (LGPS) is a statutory, public service, final salary scheme funded by employer and employee contributions. The pension scheme is in addition to the state pension. The pension is regarded as a reasonably good one in

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comparison with the private sector, although not all employees are covered) (Richardson et al 2004).

In France, the three main collective agreements (conventions collectives nationales) covering a large part of RS are the collective agreement for domiciliary care (Aide à domicile), the one for organisations of family workers (Organismes des travailleuses familiales) and the one for employees of individual users (Salariés des particuliers employeurs). The first two agreements apply to employer organisations, the last one applies to individual users and households which employ staff. There are major differences between these three collective agreements, in terms of wage progression (highest for family workers), working time (the legal provision of 35 hours per week applies to the first two only), payment of travel costs (not taken into account in the CA for employees of individual users) and guarantees of access to training.

In Spain, there is a myriad of collective agreements (convenios colectivos) covering RS workers, due to decentralisation (see below) and to the type of employer. Globally, however, it can be said that public sector employees are still better off than their private sector counterparts, above all with regard to wages. For example, in Catalonia, basic pay for first-cycle infant school teachers in the private sector was € 660 per month at the end of 2004, and € 1,300 in the infant schools of the Generalitat! However, the situation is not as clear-cut with regard to contracts, as temporary work is also extremely developed – and growing – in the public sector (Aiguabella et al 2004). In addition, for new occupations in very recent RS such as services to immigrants, employers often do not know what collective agreement they can adhere to. The solution is usually to apply the collective agreement for “white collar workers” (Convenio de Oficinas y Despachos). This agreement, which corresponds to a very loose array of professions and occupations, without any clear scale of professional progression, offers minimum conditions. Unfortunately, as many occupations linked to innovative relational services are unregulated and do not constitute “professions”, this collective agreement seems to be frequently resorted to – although we will have to check this in our case studies (Aiguabella et al 2004).

In Italy, in the childcare sector, for example, there are three collective agreements (Contratto collettivo nazionale di lavoro): one applying to local authorities (Enti locali), one applying to Catholic schools (FINSI), and one applying to the social co-operatives (cooperative sociali). The first and the last one also apply to other RS such as care for the elderly. There are wide differences between the agreements in terms of working time (e.g. 30 hours a week in local authorities, + 180 hours dedicated to training and planning, as opposed to 38 hours in social cooperatives) and wages (20% difference between local authority staff and social cooperative staff for a similar job) (Resca and Sbordone 2004).

However, it may be necessary to assess the protective character of collective agreements, and therefore their real influence on the quality of employment and on inequalities between workers covered by a collective agreement and workers not covered. Thus, “opt-out” clauses may be important to investigate, as well as the monitoring of the agreements.

To summarise, in the UK, the line of divide is between the public and the private sector. This is due to the fact that statutory employment protection is kept at a minimum, and that much depends on additional protection through collective agreements. Trade Unions have a much stronger role in respect of local authority workers than in most other parts of the economy and have not succeeded so far in organising the private care sector (and recent legislation on union recognition only applies to organisations with more than 21 staff members).

In France, the main line of divide is between employer organisations and employers who are individual users.

In Spain and in Italy, we find both lines of divide. In addition, there is evidence of a certain confusion as to what collective agreement can be applied in some very recent RS in Spain.
2.1.2. Type of employer

Labour market segmentation may also stem from the type of employer.

Workers employed directly by users are worst off. This is particularly due to the fact that individual employers (users) are least aware of labour law and collective agreements, and infringements, probably often of an involuntary nature, would seem to be common: for example pay progression, already very low in the French collective agreement, is reported to be difficult to implement, not to mention access to training. In addition, users may tend to require tasks from employees which are not included in the contract (there may even be no contract). Individual employees are very seldom unionised and are thus particularly vulnerable (Yonnet et al 2004). In the UK, where childminders are not employed by their users (they are self-employed), they are also discriminated against as self-employed, since statutory provisions such as the minimum wage do not apply to them (Richardson et al 2004).

Workers employed in the voluntary and in the private for-profit sector would generally seem to be in an intermediary position. In these sectors, there can be important variations from one organisation to the other, as there may be no collective agreement, or organisations may opt out of it / opt not to subscribe it where it exists. Finally, it should be stressed that some small third sector employers are themselves in a highly precarious position (not least due to tendering procedures) which they then tend to transfer onto workers (Resca and Sbordone 2004).

Public sector workers are still in a comparatively less precarious position, but this is changing. A first explanation for this is the coverage (or absence of coverage) by collective agreements. A second one lies in employer characteristics and their positioning in the market. However the situation is likely to be very different for different categories of public workers and, although employment conditions may be better for some of them (possibly the lower qualified) than in the private sector, this may not be the case with regard to working conditions. In Italy, local government employees in crèche services are experiencing more precarious positions than social cooperative employees because of the diffusion of fixed-term contracts.

2.2 What innovations?

There are different initiatives aimed at providing staff with greater stability in order to generally improve their employment conditions. These strategies are often linked to the need to combat more specific turn-over problems (which will be dealt with later). Such initiatives range from single provider initiatives to sector-based initiatives.

2.2.1. Single provider strategies

Single provider strategies are very localised strategies, which offer some framework for stability inside the organisation, but are not transferable to another. These strategies generally stem from a “total quality” strategy, like in this private for-profit company in the Spanish infant education sector which has adopted a “human capital” approach, regarding staff stability as an asset in a competitive sector. The recruitment of staff from the start on permanent contracts is part of the company’s public image and commitment towards ‘total quality’. This is an extremely rare case, which so far has been possible because the stakeholders of the company have agreed to bear the risk.
Staff stability as a component of a ‘total quality’ strategy (ESCS 1)

This private for-profit company, partly operating on the market (through one purely private centre), partly operating in a public procurement framework, has opted for a ‘total quality’ strategy. The company has obtained an ISO 9001 standard for the education sector. The company management considers that this quality strategy has to include quality of employment, by which it essentially means recruiting staff on permanent contracts. Even though wages are on a par with the collective agreement for private childcare (i.e. very low), this is a substantial difference with private providers in general. The company has completely adopted the ‘human capital’ discourse and sees the stability of staff as a key asset in this sector. On the other hand, the company management does not hesitate to fire staff who do not abide by the ‘corporate culture’ or when there have been ‘recruitment errors’.

Like this private for-profit company, the non-profit association ACNM (ITCS1) in Italy has chosen to offer permanent contracts, in compliance with the collective agreement. But more generally, the choice has been made in favour of a high standard of working conditions (wages, contracts, working time, training opportunities), despite the strong level of competitiveness in the market. This is the result of a painful compromise: better contractual conditions, but lower wages as the crèche has had to change its collective agreement.

The compromise in ITCS 1: better contractual conditions, but lower wages

Employees, once recognised by ACNM and initiated in a professional career in one of the structures directly managed by the Association, have a permanent contract pursuant to the National Collective Agreement, ANINSEI (National Association of private educational institutes). The duration of the contract is strictly related to the duration of the obligation between ACNM and its clients. A few years ago, ACNM shifted from a more favourable collective agreement to the ANINSEI one in order to be able to offer more convenient personnel costs compared with other bodies competing for tenders.

The ANINSEI contract comprises seven grades and two managerial grades:

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Role</th>
<th>Gross Wages</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>Cleaning, maintenance,</td>
<td>861,09</td>
</tr>
<tr>
<td>II</td>
<td>Cleaning, assistant, technicians</td>
<td>881,97</td>
</tr>
<tr>
<td>III</td>
<td>Cook, educators</td>
<td>924,56</td>
</tr>
<tr>
<td>IV</td>
<td>Qualified educators</td>
<td>971,40</td>
</tr>
<tr>
<td>V</td>
<td>Teachers who completed compulsory schooling</td>
<td>1035,41</td>
</tr>
<tr>
<td>VI</td>
<td>Teachers with university degree</td>
<td>1035,41</td>
</tr>
<tr>
<td>VII</td>
<td>Teachers with postgraduate degree</td>
<td>1051,27</td>
</tr>
<tr>
<td>VIIIA</td>
<td>Director of elementary schools</td>
<td>1101,95</td>
</tr>
<tr>
<td>VIIIB</td>
<td>Director of secondary schools (1st and 2nd level)</td>
<td>1162,02</td>
</tr>
</tbody>
</table>

As reported during the interviews, employees were pushed to change jobs exclusively for economic reasons. Educators, in particular, regularly participate in public competitions in order to move to a post in a public crèche, with better working hours and pay. At the moment, public crèches use a collective agreement offering more favourable wages (employees estimate on average a difference of €300/€400 for the same level of qualification); working shift is 6 hours, instead of 7,20.

Apart from the dissatisfaction with regard to the remunerative aspect of this job, employees do not express any other complaints. Educators confirmed that the working conditions and
the working environment in their work places are excellent and that it is difficult to find similar favourable and stimulating conditions in other working contexts. On the other hand, they say, however, that it is difficult to have a decent life with such a salary. Usually educators count on external help from parents or husbands, and they frequently have a second job.

The ACNM has taken this aspect into consideration and is trying to compensate with training initiatives and excellent work on the sustainable work place it is promoting. According to the interviews, educators take part in the permanent vocational training initiatives organised, receive educational support during the teaching activity and take advantage of the rich, participatory environment of their work place. The ACNM pays 40% on top of the normal salary to the crèche coordinator only, who has a managerial profile. In any case the educators’ aspiration is to move to jobs with better pay.

It should also be said that in general the past professional experience of educators is usually characterised by unstable and precarious jobs. As reported by the educator interviewed, the ACNM offers a stable and motivating job, even if it is limited to the duration of the contract (usually 3-4 years). Training is assured so educators grow up from a professional point of view. So, even if the economic aspect is inadequate, the job opportunity ACNM offers to young educators is appreciated.

More generally, as regards contractual relations, the reality of the third sector is that it is very difficult to offer permanent contracts. This is due to the volatility of funding and uncertainty about future activity. The immediate short-term rationale is to recruit on temporary contracts, though it is costly to train new workers for short periods. Moreover these practices often bypass the legal rules concerning the use of this type of contract.

The case of ESCS 5, a co-operative which has to hire their staff on temporary contracts because of their legal status but can, from time to time, ask some of their staff to become members of the co-operative, illustrates how small non-profit associations are confronted with serious economic obstacles to offering good contractual relations.

The difficulty in improving contractual relations: the case of ESCS 5

As a co-operative, ESCS 5 has a problem, which is that for every five co-operative members (with self-employed status), only one permanent salaried worker can be employed. So far the co-operative has not created any permanent employment at all, but the co-operative members are considering employing the current cleaning lady on a permanent contract. According to them, it is difficult to recruit staff for these positions with good quality work, and hygiene is especially important in a childcare centre, which is why they would opt for this. However it can also be said that hiring the cleaning lady on a permanent position would allow them to maintain wage costs at a low level, since she is the one on the lowest wage, and would avoid discriminating between the educators.

Educators are thus recruited only on fixed-term contracts of six months (renewable once) and then on one-year contracts (up to four years). Staff are informed from the start that they cannot obtain any permanent position in the co-operative. This can be seen as a significant waste, as co-operative members periodically have to train new staff. However the cost rationale and the constraints of the co-operative status seem to matter more. The only solution to having more permanent staff would be to allow them to become members of the co-operative but this is, financially, out of reach for all of them. However, this year, a young woman who had been four years in the co-operative as a fixed-term staff member joined the co-operative as a member: this only became possible because one of the co-operative members left. The municipal authorities have considerable responsibility for this state of affairs because, as mentioned above, they obliged the association to be constituted as a co-operative. At the same time, the annual subsidies are probably one of the reasons behind the company’s decision to contract staff on annual temporary contracts.
Under the collective agreement applying in this case (collective agreement for private childcare centres, see ESCS 12), there are only two cases when temporary contracts are allowed (in addition to ‘interim contracts’ for replacements and substitutions):

‘contratos eventuales’ (literally momentary contracts), in order to cope with temporary increases in activity (maximum duration 12 months within a 16-month period);

‘contratos de prácticas’ (literally work experience contracts), for young people who have just obtained their qualification (or obtained them within the previous four years), and can be renewed every six months for up to two years, at 80% of the wages corresponding to the category in the 1st year, and 90% in the 2nd year.

Yet, in practice, there is a widespread toleration of temporary contracts for work and services in the case of organisations funded by annual subsidies.

Many other examples are available, but the message would remain more or less the same. The idea is that for third sector organisations, it is extremely difficult to offer permanent contracts in some countries, or else this is a result of painful compromises with other elements of job quality.

**However, in countries like France, there are not as many temporary contracts because of the difficulties in recruiting workers.**

More generally, what these examples teach us is that some efforts could be made by the provider level, but that the financing and institutional constraints due to governance patterns – in particular the high level of uncertainty of contracts – are strong barriers to improving the conditions in labour contracts.

### 2.2.2. Sector-based strategies

In all countries, much is expected from sectoral dialogue and negotiation. This sectoral dialogue first contributes to institutionalising new services, like domiciliary elder care in France or educational leisure in Spain. They are necessary steps in the process of legitimisation of these new jobs and activities. Secondly, these collective initiatives directly impact on workers’ situations and trajectories. These efforts, often driven by social partners, represent reforms that should be analysed.

What are the strategies at sectoral level? What are the possibilities for improving contractual relationships at a collective level?

The fields of activity under review are evolving rapidly and there is therefore a growing need for collective discussions and agreements. These sectors need collective frameworks to contribute to improving working conditions and the overall attractiveness of jobs.

We will consider here to what extent these collective agreements have addressed the issue of the precariousness of labour contracts. **There is actually real scope here for innovations, as it is not rare to see different regimes applied in a single sector or in a single organisation** (as seen above, Chap. 4 para. 1).

In Spain, a case study scrutinised the formulation and on-going implementation of a new collective agreement in Catalonia for educational leisure (ESCS 3). With regard to the issue of labour contracts and the struggle against precariousness, this new Catalan collective agreement for educational leisure has made a (potentially) important contribution to greater staff stability in the sector by promoting the use of a specific form of permanent employment contracts, initially designed for seasonal workers, that of ‘permanent discontinuous’ employment contracts. In particular, the fact that this type of contract is permanent means that the workers can be transferred to another undertaking,
which is a very important guarantee of stability: should the provider lose a contract for services, e.g. in a school, its permanent staff must be hired by the new provider awarded the contract. This initiative is certainly one of the main relevant features of the new Catalan collective agreement. It will probably take time to implement this contractual form in the sector, as one of the major not-for-profit providers (ESCS 6) in Catalonia, whose main stakeholder foundation was party to the agreement, is still hiring staff on ‘work and services’ contracts (temporary contracts). However, some of the young people interviewed, who had been on work and services contracts for years, renewed from project to project, had just been offered permanent discontinuous status: as the collective agreement was signed at the beginning of 2005, it will probably bear its fruits only fully in the coming years. This change is potentially significant.

An analysis of collective agreements shows that the employment conditions for some categories of temporary workers are slightly better with respect to the basic legal conditions, but the sector will carry on being a sector characterised by considerable resort to temporary contracts, as all the possible justifications for such contracts are available and specified in the agreement. Contrary to other collective agreements, this one does not lay down any maximum proportion of temporary contracts, or progress towards a more limited use of these contracts. One of the union respondents interviewed was perfectly aware that progress on the contracts issue had been insufficient, but argued that it was difficult to go further at that stage. Their priority now is to organise workers and exert social pressure for the renegotiation of the agreement at a later stage (not necessarily when this one comes to an end).

This last example clearly shows that collective negotiations and dialogue must continue to evolve and expand rapidly just as this sector is doing.

3. The question of working hours

3.1. Working hours and quality jobs

As already pointed out, probably the most prevalent factor of precariousness, across countries and sectors, is part-time employment combined with low pay, as wages are usually quite close to the minimum wage and receiving a fraction of this places a worker in a very difficult economic situation. Part-time employment also has repercussions on access to social protection, in countries with contributory social protection systems. Some RS occupations are indeed characterised by extremely low levels of hours worked per week.

In the UK childcare sector, childcare workers are the least likely to work full-time, twenty percentage points less likely than all women workers were. According to the LFS (1997-1999), the mean number of hours worked per week was 23. While the introduction of a National Minimum Wage can be seen as a system of social protection for low-paid workers such as in childcare, Cameron, Mooney and Moss (2002, p. 586) note that many childcare workers already earn more than the Minimum Wage “without attaining financial independence” (quoted in Richardson et al., 2004). A former study had shown similar features for domiciliary care assistants in elder care (Baldauf 2003).

On the whole, part-time work in local authorities is largely confined to manual jobs such as school support staff, home care workers and cleaners. Part-time workers are over-represented in the lower grades and are overwhelmingly female. Female part-timers make up 50 per cent of the total NJC workforce, and men just 5.1 per cent of the total (Local Government Pay Commission, 2003, quoted in Richardson et al 2004).
In France, low numbers of working hours seem to be particularly frequent, particularly for staff working in third sector organisations providing domiciliary care for the elderly, with average working weeks standing at 16 hours (Dutheil, 2000). However these working hours are carried out for one organisation only and do not take into account the fact that care workers may work for several organisations or individual users as well. The fact remains that, with hourly wages at the level of the Minimum Wage, these workers are in a precarious economic position and have difficulties accessing social protection. Apparently, the resort to the Universal Sickness Protection scheme (Couverture Maladie Universelle), a scheme created by the last Socialist government for those not coming within the contributory system, is frequent. In the childcare sector, things seem to be quite different, at least for childminders (assistantes maternelles agréées), two third of whom work full-time, and who even work overtime (Algava and Ruault 2003).

In Spain, information is quite sparse. Overall in social services, 14.5% worked part-time in 2000, but 55.4% worked in domestic services (Gabaldón et al. 2002). However the experience of part-time contracts is likely to be very different for traditional social work professions in the public administration and for new occupations in the private sector. A study by the Observatory of Qualifications in Galicia showed that, of those recruited in the region in new childcare occupations (mostly leisure monitors and crèche workers), 62.7% were on part-time temporary contracts. Services to immigrants seem to offer very variable employment conditions. However for such new occupations as ethnic interpreters and mediators, the numbers of hours per week tend to be very low (Aiguabella et al. 2004).

In Italy, we only have data from the macro-economic categories already mentioned in the first chapter of this report. In education, part time contracts increased from 5% in 1996 to 8% in 2002; in healthcare, from 7% to 11%; in associations, from 11% to 16%; in other social services, from 11% to 13%; and in domestic work, from 43% to 47%. The ratio between full-time contracts and part-time contracts is similar in all the territories under examination. This is true both in 1996 and in 2002, even though part-time contracts increased from an average of 6% in the Emilia Romagna region, 8% in the Lazio region and 9% in Italy in 1996 to an average of 12% in the Emilia Romagna region, 11% in Lazio and 12% in Italy in 2002.

In Germany, part-time work has also become increasingly significant, in particular in the services sector. Approximately 50% of all employees in the domiciliary care sector work on a part-time basis. Also temporarily contracts and ‘minor jobs’ have become more and more widespread in recent years, mainly affecting the female workforce. In the field of ambulant care, approximately 20% of all employees work on the basis of a ‘minor’ job contract under rather uncertain and socially weak protection (Voss and Spitzner 2004).

Part-time employment thus seems to represent a major source of flexibility for RS employers. There are usually no regulations on the minimum number of hours, except in the French collective agreement for domiciliary care providers (Convention collective nationale "Aide à domicile / maintien à domicile") which prohibits contracts for under 70 hours per month. However this is a very low minimum indeed, which does not really curb this type of flexibility, and there is also an opt-out clause for those organisations facing severe economic difficulties (Yonnet et al 2004).

In the UK, and above all in Spain, fixed-term contracts are also widely used. The share of childcare workers on temporary contracts stood at 20% in the 1999 LFS, a much higher rate than the overall temporary employment rate across all sectors (between 6% and 7% of all employment). This reflects the high proportion of educational assistants included within the childcare category (Richardson et al 2004). In addition a very high proportion of “zero hour contracts” (a kind of on-call contract) are found in the care sector. As is well known, temporary employment is a structural feature of the Spanish labour market (and currently affects 31% of the workforce), but this seems to be even more the case in the care sector.

59 As is clear, for example, from the above-mentioned objective of 33% permanent contracts by 2002, set out in the collective agreement for residential and domiciliary care for the elderly.
In dedicated services for immigrants, the situation seemed to vary significantly from one provider to the other, depending on the type of services provided (e.g. interpreters may only work a few hours a week and will be paid by the hour), on the funding framework (annual temporary contracts in the case of annual grants by the local authority), on the position in the organisation etc. One of the consequences may be the coexistence of various employment conditions in multi-employer agencies, such as the one set up by the municipal authorities of Barcelona (Aiguabella et al 2004).

In addition, non-standard working time arrangements (especially night and weekend work, changes in schedules at short notice, etc.) seem to be quite frequent in some RS occupations. This is often due to the specific features of the work in these relational services: e.g. opening in the morning, all day long, even at night for childcare, or fragmented times for elder care, etc. These issues have been analysed above. The extension of working hours gives evidence of a generalised trend towards new models of management and customer-orientation. These forms of time flexibility for parents impacts on working conditions, as there is a risk that they will boost part-time work.

Moreover, the high incidence of part-time work also means, in those countries with a contributory system (all of the countries under review except the UK), that access to social protection may be impaired.

In the UK, access to social protection varies with the type of employer. Even in the public sector (local authority social services), there are inequalities due to the fact that not all local authority workers can benefit from the Local Authority Pension Scheme (LGPC). The LGPC Report reports that 50 per cent of male part-time workers and 34 per cent of female part-time workers were not in the scheme. The Office of Deputy Prime Minister (ODPM) suggests that the scheme is designed for career-serving employees who can expect salary progression and does not necessarily benefit part-timers or low-paid workers (Richardson et al 2004).

In Germany, the trade union for the service sector, ver.di, has reported frequently on the bad working conditions in the domiciliary care sector and also in childcare. In both sectors, private small and medium-sized employers are becoming more and more important and in this context, the number of unprotected and precarious jobs not covered by collective agreements or public regulations have increased in recent years (Voss and Spitzner 2004).

In Spain and in Italy, domestic workers are clearly in a precarious position with regard to access to social protection. In Spain, as stated above, domestic workers registered in their specific regime have lower social protection for temporary incapacity and pensions, and have no access to unemployment benefit. In Italy, it seems that the recent collective agreement covering domestic workers also provides reduced social protection compared with other collective agreements in the care sector. Besides it should be borne in mind that the vast majority of workers in this sector in Spain are undeclared. The same applies to Italy.

Examples are not lacking. All of them show that working hours are a key field for innovations by individual organisations and in terms of sector initiatives, and require public intervention. What innovations did we observe in our fieldwork?

3.2. What innovations?

If increasing working time is difficult for organisations, at least offering fixed or stable time schedules to workers is an important beginning for quality of work.

In Italy (ITCS1), time schedules are agreed between educators at the beginning of the year and are maintained on an annual basis. In this way educators can count on fixed working time schedules. According to one of the senior educational coordinators of this
association, quality of work in one of our crèches is very high compared to other working places, and one of the elements of quality of work in this association is the possibility of agreeing on the working schedule and working time. However, pay is the principle aspect of dissatisfaction for educators and operators. Once again a discrepancy between innovations regarding work schedules and wage policy is clear.

We already mentioned this case study in the previous paragraph on innovations with regard to labour contract, emphasising the existence of such compromises between working conditions and wages (see box above).

In Spain, ESCS 8 is a subcontracted municipal infant school, for which tender specifications are relatively good compared with others (e.g. ESCS 12). Some original options have been adopted here: the tender document sets down the wage levels, much higher than the levels in the collective agreement (although not as high as in the public administration). Concerning working conditions, it is noticeable that all frontline staff work full-time and wages are better than those laid down in the collective agreement for private childcare. Overall the centre is in a much less precarious position than the one studied in ESCS 12 (which is very comparable), thanks to a more generous attitude by the municipal authorities, which, for example, also provide the building and rooms, and do not demand any rent for them (only a small amount for maintenance, water, gas, electricity, etc.). However in ESCS 12 as well, almost all front-line staff work full-time, with a few exceptions. The main difference between the two organisations concerns labour contracts, as explained above.

These Spanish case studies once again highlight the importance of specifications. One can see that in the cases where the tender exclusively underlines the price, the contracts are flexible and part-time, and the management frequently asks employees to work overtime for nothing. In the second case, the municipal authority has included a social clause and all employees who so wish can work full-time.

In the United Kingdom, a private nursery provider is trying to offer full-time jobs to the employees who ask for this. This approach is facilitated by the fact that these nurseries have long opening times and the company has managed, in certain towns, to concentrate several nurseries in geographically close areas. Thus the employees can move from one setting to another if staffing requirements fluctuate. In one particular urban area, the company provides them with bicycles and travelling time is counted as working time.

In France, several case studies concerning services to elderly individuals are attempting to offer to their employees the exact number of hours they wish to work. The system set up to ensure the loyalty of employees consists of combining a fixed-term contract with a part-time contract. One interesting initiative is to guarantee working hours to employees. In this context, the contracts can state variable working hours depending on the number of elderly people the company is working for. In our example, working time, and hence salaries, are guaranteed if the elderly person is temporarily hospitalised.

So far only single organisation initiatives have been evoked. From the point of view of collective initiatives, things are more complicated.

We have noted the role of local authorities in the specifications in public tenders aimed at improving working conditions (as in ESCS 8), but this is not a collective initiative.

We have also noted that in countries like France, when the issue of working time is evoked, only a very low minimum level is mentioned (70 hours per month), which is better than nothing, but cannot be claimed to be a strong guarantee for workers against precariousness or poverty.

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60 Staff did not need to travel between nurseries to build up full-time jobs – the company now employs staff with ‘cluster’ contracts which state that they may be required to work at any of the nurseries within one area – if one nursery is quiet (certain days of the week), the staff move to one which is busy – but it is not a question of having to make up days or hours to build up full-time work.
3.3. Conclusion

The Dublin Foundation typology considers working hours first from the point of view of reconciling family and professional life. This dimension is found in services to private individuals, but working hours must also be looked at from the point of view of the working hours leading to adequate levels of income. We saw above that part-time work has an impact on the social protection of employees. More generally, it is a factor of precariousness.

Many employees working in services to private individuals want working hours that are not full-time. This can be explained by two main reasons:

- A large number of these employees are women over the age of 40 who are trying to enter the labour market again. Often with young families, they do not want full-time jobs.
- Others are people who were in the past excluded from the labour market and cannot in general take on a full-time job.

This demand for a non-full-time job is also because of other needs by providers, however. While childcare services can in general offer full-time work, home care services require a lot of flexibility and are very suitable for a large number of part-time workers.

Moreover, when there is a shortage of labour, it becomes necessary to offer full-time jobs to attract young people and men and to resist competition from other sectors of activity.

We also saw several case studies that innovate to improve working hours. A general lesson can be drawn whereby the organisation of work must not only be “client-oriented” but also “employee-oriented” in order to maintain the loyalty of the staff and improve quality. The examples quoted show that the two are not incompatible.

4. Wages

4.1. The issue of low pay

The general issue of low pay, due to low wage rates and the importance of part-time work, has already been raised. Here the point is to stress local initiatives or collective initiatives in order to develop wages in the RS economy.

The salaries for the least skilled jobs rarely exceed the minimum wage. Despite this, where collective agreements exist, they endeavour to raise this level in order to attract people to these jobs.

The existence of collective agreements does not guarantee good working conditions. The trade unions are sometimes too weak to negotiate a higher income than the minimum wage. In Catalonia, for instance, the salary of a nursery school teacher in the private sector, governed by a collective agreement, is two times lower than that of a public school teacher. Moreover, because of the new nature of certain jobs in relational services, the collective agreement applicable is a rag-bag of an agreement that does not provide much protection.

In Italy, the same type of difference is found, for instance between the rules governing officials and the collective agreement for social cooperatives. The result is that employees in the private sector are trying to get into the public sector.

In every country in our study, the persons employed directly by private individuals had the worst conditions. However, in France in particular, some employees decided on this in the
short term because they sometimes had a slightly higher salary from a private individual than from an undertaking: undertakings have management costs that they must pass on to clients.

We are therefore in a quite paradoxical situation where the public sector is offering the best pay conditions in every country in our sample. Even though the public sector now accounts for a minority of the jobs, it is still in competition with the private sector in the field of crèches and home care, for instance. In the United Kingdom, the local authorities are still providing some services to the elderly. In France, there are staff members with the status of municipal officers working alongside staff members with private sector status in the Centres Communaux d’Aide Sociale (CCAS – Municipal Social Welfare Centres). The status of official is the one with the best pay conditions in every example we encountered.

The social partners thus face an additional challenge in this respect: not only do the authorities play an important role in defining working conditions and salaries through the specifications they lay down for service providers, but they also establish a higher salary standard which, on the one hand, attracts employees and, on the other, constitutes a reference that trade union organisations cannot but regard as legitimate.

Where the authorities choose social contracts, they cannot ignore this contradiction which they themselves have generated.

4.2. Low pay and unfair pay arrangements

It is not only low wages that are at stake here. In addition to the issue of low pay, unfair pay arrangements are also a typical feature of relational services. We are referring here to pay abuses (e.g. unpaid overtime), often left unsanctioned, and to restrictive pay conditions (e.g. unpaid travel expenses in the case of domiciliary carers; absence of recognition of seniority).

In the UK, although the principle relating to part time employees is that they “shall have applied to them the pay and conditions of service pro-rata to comparable full-time employees in the same authority” (Green Paper, Part 2: section 8.1), as stated in the European Directive on part-time work, part-time workers generally only receive ‘plain time’ (e.g., the basic hourly rate) for additional hours rather than a premium rate. Among part-timers, the pay of three of the six occupations with the highest amount of antisocial hours (but at a basic rate) may fall within our RS classification, namely, residential home staff (19 per cent); care assistants (over 15 per cent); and, home helps (13.8 per cent) (Local Government Pay Commission, 2003, quoted in Richardson et al 2004).

In France, individual carers (covered by the collective agreement for household employees) are not paid travel expenses (Yonnet et al 2004). In addition, it is very difficult for them to obtain recognition for their seniority in the job, as individual user-employers are unlikely to be aware of their obligations in this area. Seniority provisions in both collective agreements applying to domiciliary carers are very reduced anyway (ibid.).

In Spain (Catalonia), it has been reported to us that staff employed in the third sector and unions (e.g. in services for immigrants) are often working overtime without being paid, as working in such organisations is still considered a “vocation”. The collective agreement for “white collar workers”, often applied in new services such as services to immigrants for lack of something more specific, does not provide any recognition of seniority.
4.3. “Governance uncertainty”

For the private sector, both for-profit and non-profit, dependency on financing bodies and uncertainty directly impact on wages. A general issue raised by governance arrangements is uncertainty and the fear of budget reduction. A general observation is that it is not so much economic uncertainty (which is only normal) but rather “governance uncertainty” which affects the workforce and working conditions. In working conditions, when it is possible to improve the contractual relation or even working time, as we have seen above, it is often more difficult to raise wages. This is clearly a matter of complaint and dissatisfaction for workers.

For instance, in Italy, the operators of the contracted-out public service of social mediation “S.” (ITCS3) are extremely satisfied with the job (content, quality and environment), but less satisfied with their wages. In particular, salary is uncertain and dependent on external factors such as the duration of the contract which the cooperative has with the municipal authorities, the financial resources assigned by the municipal authorities to social services, and, related to this last point, the political priorities of the various political administrators. The last two municipal governments in Rome assigned great importance to social services and assistance, but this seems to be very much related to political priorities and management.

Still in Italy, we mentioned above the example of a school (ITCS 1) which shifted a few years ago from a more favourable collective agreement to the ANINSEI one in order to be able to propose more convenient personnel costs compared with other bodies competing for tenders. Nevertheless, as reported by its President, there are other collective agreements applied in this sector that offer even lower wages, such as the social cooperative one, and certain types of contracts, such as temporary contracts, providing a lower level of guaranties and stability. We are aware that the competition is often won because the ACNM offers a valid and well-founded educational project, but nowadays personnel costs play an important role in the global evaluation. The change of contractual conditions naturally displeased workers but – as reported in the interviews – was understood and accepted. There has been no major protest or dismissal of employees because of this change, nevertheless employees now, more than before, complain about their wages and remuneration.

This case is very interesting: in order to remain competitive, this organisation balanced one element of the quality of work (cut in wages) with an increase in other elements (qualifications and participation of workers in decisions). This might look like a new model of low-wage/high-skilled workers in an organisation where industrial relations are good (as suggested by the level of participation of workers and the shared philosophy of social principles). There is a risk that practices will converge towards this “model”.

4.4. Wages and human resources

The fact is that the issue of costs is crucial, the main item of expenditure being human resources. RS organisations are labour-intensive, and wages are an element of their competitiveness. But in a context of a growing activity with bottlenecks on the labour market in some countries, wages are also a main element in attracting workers. Higher wages compared to the market are obviously an element in higher job quality, but the assessment is only relative, not absolute. Wages may be raised while still offering very low levels of wages in absolute terms, or compared with other jobs.

Relatively speaking, there is one question: why would workers prefer working in RS rather than in other jobs to which they could be recruited, with better working conditions? The
answer is straightforward. As a senior manager in one of the case study organisations in UK says:

"...people get more [money] at Asda [a national supermarket chain owned by WalMart] than working in home care sometimes, and I think the opportunities that there are in Sunderland now that there didn’t used to be is a key factor. The other is it’s a demanding job and often people will come in and do it and think oh it’s very demanding, it’s very stressful, it’s very responsible (...).

Notwithstanding the initiatives in order to improve the image of the RS sector, and all the initiatives to improve work conditions, the wage issue is very problematic.

In a country like Spain, where there is no difficulty with recruitment because high unemployment rates exert considerable pressure on inexperienced workers, young people often enter the childcare sector with low wages, hoping for a wage increase which does not in fact occur. They work for low wages, resulting in bad living conditions and often the impossibility of leaving the parental home.

Wages are also a device for improving productivity and motivation at work. This is what the economic theory calls "efficiency wages", emphasising the twofold nature of wages: they are the counterpart that a worker receives for his labour, but they also are an incentive device for the employer in order to stimulate workers, or to enhance equity between them which might result in the feeling that they are well considered. In Germany for instance, in elder care, DECE7 seems to have developed such efficiency wages.

Wages might be low because the number of working hours is low as well. This exerts considerable pressures on workers who must accept whatever mission given to them. This is expressed clearly in a comment by one care worker in the UK: "You build your hours up gradually from the start. You've got to do work, you will take anything and everything that comes your way hours wise – 'can you do this call, can you do that call'? – 'yes, yes, yes'! You slog it to build up your clients."62

Even once the hours have been built up, however, they can be easily lost: "It's not a job where you can say I'm working so many hours today, so many hours tomorrow, because it does vary every day. Within the last fortnight I lost 2 clients with quite a lot of hours and, of course, I haven’t had those replaced with daily cases again so I’m literally picking up whatever there is".63

The situation is not the same for all elder care workers. Those in domiciliary care face different problems from those in residential care homes. As one worker commented: "...in a residential home you will always be paid a wage at the end of the month no matter what happens. You’ve got ‘x’ amount of hours and you know at the end of the month you are going to get that much wages. With this job [in domiciliary care] various things can happen - clients can go into residential care, they can pass away, they can go and live in with family, their family can move in with them. So your hours can fluctuate."62

The situation in domiciliary care is exacerbated by the timing of working hours. Here demand is for people to work early mornings, evenings and weekends. This clearly reduces the labour pool.

For domiciliary workers, the extreme volatility of their activity calls for responses from organisations, in order to guarantee them a minimum wage. In France, many organisations propose a fixed monthly income for domiciliary workers.

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62 Interview with carer UKCS1

63 Care worker UKCS4
4.5. Collective agreements and negotiations

As mentioned before, two collective agreements have been implemented in the educational leisure sector in Catalonia and in elder care in France in order to improve working conditions. Wages naturally occupy a central place in these agreements. In the two cases, an increase in wages has been obtained.

How can these agreements be assessed from that point of view, mindful of the fact that their implementation is an on-going process?

### Wages in the Catalanian collective agreement: a success?

For front-line staff, annual wages will range between EUR 10,000 and EUR 14,400 in 2005 – and between EUR 13,300 and EUR 18,000 in 2007 (see annex). The majority of staff are likely to be regarded as “educators” (monitores), on the lowest wage scale.

The increase over three years is very substantial (for educators, by 33%). Nevertheless starting wages are very low – the monthly average for educators in 2005 is EUR 833.

For one of the unions, this is probably the main success of the agreement. In a press conference at the beginning of the negotiations, this union had said that they would ask for EUR 600 minimum for the educators, i.e. their claim for the minimum wage. This is somewhat surprising when, on the other hand, they were demanding the recognition of the “professionalisation” of workers. In any case, this initial claim was fortunately improved.

According to another union respondent, the basis for the negotiation was the comparison between the hotels and catering sector, the white-collar workers agreement, and the situation in the companies represented.64

These wage levels can thus be compared with the wages paid at the technician level in the collective agreement for white-collar workers (as we have seen that they range between EUR 11,800 and 12,800), since, in addition, this collective agreement was applied in some organisations. The wages paid to educators in 2005 are lower but they will eventually be higher than those paid to technicians in the said agreement.

Educators are not required, in principle, to be highly qualified. In Catalonia, they are required by law65 to have the degree of “monitor” which is obtained after 275 hours (100 theory, 175 practice). However, it is generally thought that young people working in this sector have much higher formal qualifications (i.e. university degrees).

The other reference for comparison is the collective agreement for hotels and catering, as a professional category has recently been included for educators (at lunch break) so that catering companies could apply for contracts in schools. In the 2004-2007 agreement for Catalonia66, the wages for this new professional category varied (as for all of them) between provinces, but were more or less around EUR 850 over 14 months, i.e. EUR 11,900. However the increase planned for the coming years is simply the cost of living + 1%.

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64 According to another respondent, the collective agreements on domiciliary and residential care were also examined, but we have not reported on them here because there are many of them (at national and regional levels).

65 - Decree 213/1987, 9/6/1987, for the accreditation of schools for educators in youth and childhood leisure.
- “Orden” of 3/7/1995, establishing the phases of training for educators and directors of leisure activities for youth and children.
- “Resolución” of 3/7/1995, establishing the programmes of the training courses for educators and directors of leisure activities as well as the criteria for their evaluation.

The initial idea of the unions was to include educators in the (national) collective agreement for private education. This was also what was demanded by the Barcelona Youth Council. Therefore it makes sense to compare the wages fixed in the two collective agreements. In 2004, the wage for an assistant teacher in primary schools was fixed at EUR 15,581, and the wage of an “instructor” was fixed at EUR 14,329. The latter would be the most comparable position, as it refers to staff helping teachers in disciplines which are not included in official programmes. As can be seen therefore, even after the substantial increase planned for 2007, the wages of educators are below that level.

5. Social protection

All the countries studied provide a safety net in terms of social protection. The precarious nature of situations originates on the one hand from the part-time jobs, and on the other, from the virtual absence of sectoral or company social benefits.

Thus in the United Kingdom, even part-time public service employees are not properly covered by the supplementary pension system (Local Authority Pension Scheme).

In Germany, home care is not properly covered by collective agreements and in particular SME employees benefit only from the minimum legal coverage. In Germany, most labour law and social protection is the result of collective agreements.

In Spain and Italy, home care workers receive minimum social protection; in Spain, they are excluded from unemployment benefits. The short working hours of many employees in France have induced them to benefit under Universal Sickness Coverage (Couverture Maladie Universelle - CMU), which is the safety net of the French security system.

6. Rights to collective bargaining

Employees in these sectors are not distinguished in terms of law in the countries studied. The difficulty comes from:

- the fact that many employees are directly employed by the client or by SMEs. This is the general case, which the trade union movement has not managed to solve in any one of the five countries studied: how to represent the employees of SMEs and above all of very small enterprises?

- The fact that the non-profit-making sector is strongly represented in services to private individuals. The directors of undertakings in the non-profit-making sector can be either voluntary workers or salaried executives. Even if they have adopted managerial practices that are similar to those in the profit-making sector (see above), they have no personal financial interest in the smooth running of the company and they regard their role as essentially social. Used to voluntary work, they sometimes tend to think that employees can also spend some of their free time doing voluntary work. Lastly, they are perfectly aware of the fact that the margin of manoeuvre is narrow in relation to social markets.

Our case studies confirm this situation. Few undertakings in the United Kingdom are unionised. In Germany and France, only the big undertakings in the sector have a works council. An observation of the field shows that there are no conflicts in industrial relations. Employers and trade unions have a strong awareness of the social role of the undertaking.
In Germany, several case studies are characterised as being “good employers”, eager to improve working conditions.

The social dialogue therefore raises less of a legal problem than a societal problem. Apart from a few exceptional cases, the poor working conditions do not arise from a will to obtain a high profit margin. They are the result of market conditions.

In the light of our research, we would therefore put two questions to the trade union organisations:

- one is an old question, but is taking on growing importance: how can trade unions be structured in the non-profit-making sector?
- The other question is linked to recent developments: how can better working conditions be negotiated when the collective bargaining framework is confined to the social partners, but the rules of play are to a large part determined by a third actor, the authorities? Would a tripartite negotiating framework at local level not be more appropriate than the national or regional bipartite framework? The local level must also be defined in line with the administrative organisation of each country.

However, it must not be forgotten that the profit-making private sector is providing more and more services to private individuals. In the medium term, it may become an important actor. In this case, several approaches could come into play on the employer side, resulting in four different types of interests (profit-making, non-profit-making, employees and authorities). In the absence of a strong trade union power, the only element likely to favour employees would be the possible difficulty in recruiting staff.

7. **Conclusion: some efforts and attempts to improve the situation**

This section has reviewed the different efforts observed during the time of our research in the different countries and regions. This necessarily excludes the efforts made before and after our research. Moreover, for some countries, sectors have not been analysed where care workers have, however, experienced noticeable improvements in their working conditions. This is for instance the case of childcare workers in France, a sector which was not the object of our research.

The impression is very mitigated. Many efforts are being undertaken and it cannot be said that the issue of working conditions is absent from the debates. Nevertheless it is obviously not as important a concern as it should be.

In a comparative analyse perspective, the national efforts, both by individual organisations and at a collective level, provide a lot of lessons for the future. The lessons are at least twofold:

- It is the workforce which often bears the burden of these new approaches in governance;
- There are some uncoordinated efforts to overcome this, which may clash with the key rationale behind welfare service reforms: cost containment.

The frequent comparison with the American model leads one to think that one of the objectives of developing services to private individuals is to create a low-pay sector that can absorb low-skilled labour.

This hypothesis is not supported by our research.
The authorities, which subsidise a large part of these services, are in effect attempting to limit the budget constraints. We have seen above that making managerial practices more professional (“managerialism”) was one response to this constraint. The main constraint, of course, concerns salaries. We saw in Spain (ESCS 12) that tenders underline price as the essential award criterion. In this case study, price counts for the same number of points as educational criteria when it comes to awarding contracts. This has resulted not only in salaries being kept at a low level and employment contracts remaining precarious, but managers of childcare structures have ended up “exploiting themselves” by limiting their own salaries to very low levels. In Germany and Spain, it was decided to lower employment standards by recruiting “teaching assistants” with qualifications, and hence salaries, lower than those previously applied.

In the long term, however, the creation of a class of ill-trained and poorly-paid domestic servants does not seem to be in line with the expectations of the market. First, there is a tacit consensus in favour of professionalisation, and second, employees have more choice than they appear to have.

Given the level of competence required, other sectors are undoubtedly competing with service jobs. In France and in the United Kingdom, for instance, employers observe that when a supermarket or call centre is opened in the employment basin, it becomes extremely difficult to recruit people to the home care sector. Employees appear to prefer a job at the cash-desk which is no more difficult in terms of timetables and offers the same pay, often with less travelling and better hygiene conditions. The gender dimension is essential here. A very large majority of these jobs are occupied by women entering or re-entering the labour market. The difficulty in ensuring their loyalty to these jobs illustrates the fact that the working conditions are at the bottom of the ladder of professions.

An alternative is also undeclared work. For those at minimum wage level (legal or contractual, depending on the country), undeclared work can provide a more comfortable income than declared work, particularly if combined with social welfare. Only draconian tax relief measures such as those in force in France appear to be capable of combating this form of work.

The legal market must therefore offer better conditions than the undeclared sector or black market if it is to retain workers.

This issue of how to attract and retain workers in the RS domain is the key topic of the next chapter.
CHAPTER 7 RECRUITMENT, WORKFORCE EXPANSION AND RETENTION

One of the key themes developed during the research was innovations in expanding and retaining the paid and formal workforce in Relational Services. This section presents the main observations in a comparative perspective and analyses the directions taken in the countries in order to cope with one of the most important problems for the development of RS in the future.

What is the general situation? In the UK and France, research suggested that the key issue was that employers in the care sector faced significant difficulties in recruiting and retaining quality staff. This appeared to contrast with the situation in infant education and educational leisure in Spain, where overqualified staff were undertaking care jobs in the absence of other better paid jobs for which they were qualified, but also due to a sense of personal vocation, as we will see later. In Spain furthermore, case studies have often reported that there are no big problems of staff retention or of staff recruitment given the high unemployment in the sector. Between these two extremes, French and German employers are receiving a number of applications, of which only a few have the required skills, and they are finding it difficult to retain staff.

It would therefore seem that sectors providing services to private individuals are not finding it easy to recruit except where there is high unemployment. As soon as the employment situation eases, they are the first sectors to face labour shortages.

All economic forecasts assume that job creation in RS is going to keep on growing at a fast pace. In France for instance, according to recent research conducted by the Ministry of Employment, the jobs that will experience the fastest growth between 2005 and 2015 are domiciliary care workers and domiciliary childcarers: the annual growth rate of these professions should reach nearly 5% (Chardon et al., 2005). According to the authors of this study, these jobs offer greater access to the job market for low-qualified women or women after a long period of inactivity. However, they write, “the professional situation of these persons is often fragile. Today, working times are fragmented and reduced, which entails low wages. Moreover, career prospects as regards other jobs are scarce”.

In quantitative terms, forecasts and comparisons for Spanish regions like Galicia and Catalonia also show that many jobs will be created in the future: the description of RS sectors as “reservoirs” of employment is far from wrong at the moment. However, and this is one of the main messages of the Spanish report, the quality of these jobs remains an issue, despite collective and individual initiatives. There is evidence of an important trend in employment creation initiatives in the infant education sector, at the moment and in the coming years, but there are also signs that these jobs are likely to be created through temporary employment contracts and part-time work, which is the way in which small providers deal with the fact that more children usually attend school in the morning.

This tension between quantitative optimism and pessimism with regard to quality of employment is really central and need to be addressed more thoroughly by actors and public authorities. In this chapter, we will endeavour to present the current, contemporary efforts or innovations to attract, expand and retain the workforce. This issue is directly linked to the tension between quantity of work and quality of work.

67 However, constraints are still considerable as the initiative in Catalonia to create 30,000 childcare places is already facing problems because there are not enough qualified staff.
In countries like the UK, respondents in phase II of the research argued that jobs were available in the formal paid sector, but that there were simply not enough people willing to fill them. What is the solution to these recruitment and retention difficulties, confirmed by an English care manager?

“It’s always been a problem. In the ten years we’ve done home care, it’s always been an issue getting sufficient staff and keeping them”.68

As this manager says, **the problem is not only to attract workers but also to keep them**. The following section will thus analyse different strategies to attract “outsiders”, that is people currently unemployed, inactive, or employed in other sectors than RS. They are necessary but insufficient if the goal is to promote the sustainable development of the RS workforce. Hence the need to launch strategies to retain insiders as well. We can then distinguish between strategies or innovations to expand the workforce (attracting outsiders), and those applied to retain it. Concerning this latter point – retaining workers – different questions can be raised:

- How can turnover issues be solved?
- How can the “loyalty” of employees be assured, in particular through raising wages, working conditions and qualifications?
- Are these jobs nothing but opportunities, which means that they are just the first step in a professional career, or in order to return the labour market after a period of inactivity?

What are the main barriers and what solutions have been proposed by organisations or public powers?

## 1. Barriers

Many barriers have already been mentioned, which refer to the unattractive aspect of jobs in RS.

**Wages and labour contracts**

The previous sections on wages, labour contracts and working time emphasised the main unappealing economic dimensions of this sector. Wages are low and many workers in the organisations covered started on the minimum hourly wage and even experienced care workers received only one or two pounds sterling above that level. There are some antisocial hours bonuses, but they tend to be small. Low wages clearly impact upon recruitment and retention, as these interviewees say in the UK:

“I think everyone has difficulty recruiting at the moment. The correct type of worker is very difficult to get at the moment, but that’s because of what you pay.”69

“The hours, the courses you have to go on, the pay – I think it should be a bit higher – there are cleaners on a better rate than me.. there was somebody we were talking

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68 Care Manager, UKCS2, p10
69 Interview with Care Coordinator
to and she’s just got a cleaning job and she’s on £6.20 something and I just went ... I’m only on £5.2470.

**It often appears more interesting, relatively speaking, to work in another sector, such as retailing or call centres for instance** (see above the extract where a senior manager emphasises that people earn more working in a supermarket than in home care). Shortages in employment and severe difficulties in recruiting staff for existing vacancies are directly due to the dynamism of the local labour market. As the Chief Social Services Inspector in England stated, “homes for the elderly people lose staff when a new supermarket opens nearby”71. We found exactly the same statements in our research.

On the whole, salaries are close to the legal or contractual minimum wages. Because of price pressure (see above) in social markets, employers have only a limited margin of manoeuvre in relation to salaries. Given this, only a compromise involving the authorities is likely to lead to an improvement in the salaries of employees of social market undertakings. A raise in this sector would probably have a domino effect on the other undertakings.

**Nature of work**

One has to focus in addition on unappealing social aspects, related to the very tasks care workers do, or to the negative image of social mediators. The **social recognition aspect** is undoubtedly very central to the overall issue.

The nature of care work is also a barrier to recruitment and, for some workers at least, to retention. It should be said that the majority of workers to whom we spoke enjoyed their job. Childcare workers generally enjoyed working with children and elder care workers with the elderly. **Indeed job satisfaction, resulting from interacting with clients (children or adults) and the feeling of doing a good job, seemed to be the main factor keeping people working in the sector where, objectively, conditions are poor.** This is in line with other research on care work. For example, Cameron and Moss72 (2001) citing Abel and Nelson (1990) suggest that for many care workers the ‘emotional labour’ involved in care work is the main source of satisfaction. The same authors suggest (p8) that those employed in the caring professions may see the work as a vocation and are expected to ‘transcend working conditions’. In elder care, the domiciliary care workers mainly enjoyed the fact that, by its very nature, work is carried out by employees working on their own and, within certain parameters, employees can organise their own work load, have the opportunity to make decisions for themselves and ‘think on their feet’, and don’t have a supervisor ‘keeping an eye on them all the time’ as is often the case with factory and retail work.

The methodology employed in our research meant, of course, that we did not talk to those people who were put off working in childcare or those who had left the sectors. A number of issues were identified around the nature of the work. These were the stress of the job, the lack of camaraderie with fellow workers (domiciliary workers), the lonely nature of the work especially when the workers cannot really engage with clients as is the case with those suffering from dementia (for domiciliary workers).

**A common problem is that new employees do not appreciate the nature of the work when commencing.** This is true in both elder care and childcare, with some people

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70 Playleader working towards NVQ Level 3


leaving when they realise how hard and difficult it is working with the elderly or children. **Inaccurate perceptions** about working with children was a common issue amongst those thinking about joining the childcare sector despite measures taken by many of our case study organisations (UKCS8 and UKCS14 in particular) to ensure that new recruits were aware of exactly what was expected of them and of what working with children entailed.

To sum up, the difficulties of the job are at least twofold:

- Physical difficulty: standing, loads to carry, handling of corrosive products, hygiene and safety problems, in particular in the homes of the elderly, risk of attack (mediation professions), etc.
- Psycho-social difficulties: relations with the users/clients, legal liability, stress related to travelling, etc.

French and British employers in particular underline "burn-out". The director of a Lille association said, for instance, that “this profession cannot be occupied for too long. After ten years, people are worn out. We have to make sure to help them retrain in time”.

A real issue is that of **sick leave**. In the public first cycle infant school reviewed under ESCS 11, the main issue here is not with expanding or retaining the workforce, but rather with the high rate of sick leave each year. The sick leave problem is visible because unlike many of the other cases reviewed, this public school is an old school, created at the beginning of the 80s, where staff are older. Six out of eleven educators are over the age of 40, and have been in the centre or in the sector since the beginning. As the Director says: 'This work burns you out. Sick leave is very frequent. Some people only work three months a year.’ Physical problems are a reality, especially as the staff are no longer young. Back injuries are particularly frequent.

This is a situation which we have not encountered elsewhere in this country, either because childcare providers are very recent or because they are contracting temporary staff and regularly changing their staff completely. (In this case however, some people have been on temporary contracts since the beginning, and this does not seem to be a problem for the regional administration!) In any case the above-mentioned high ratios and the age of workers mean that back injuries, or even depressive states, are frequent. The director of the centre has to call regularly for substitutes, sometimes for several months. The way in which this is dealt with by the regional government is extremely bureaucratic: they have a list of 2,000 qualified individuals ‘interested’ in doing substitutions (often for lack of anything else) whom they call upon according to their number of points – points are provided by further training and by further experience. But no attention is paid to the fact that a person may have been ‘called’ before in a given centre and that it may make more sense to send that person again. The situation of the ‘substitutes’ on the list is particularly precarious. Although they are paid the same as their colleagues, months can pass before they are called. If they are called and do not accept a substitution, they are removed from the list during one year – which makes it difficult to accept any other job.

**Working hours that do not correspond to the needs of the employees**

- Most of these jobs are part-time. This is not always an obstacle since many employees do not want a full-time job. However, the volume of work is in general imposed by the employer, whereas employees would prefer to be able to choose.
- Working hours are frequently fragmented, in particular in the sector of home care services for the elderly.
- Given the predominance of part-time work and low pay, the sector of services to private individuals generates a number of "working poor", in particular among single parent families and young people. In both categories, the vast majority are women. This reinforces both the gender construction of jobs and poverty.
Macroeconomic factors

There are other factors compounding recruitment and retention difficulties. These affect all the different sectors.

An additional barrier is the general health of national economies: when the economy grows, alternative jobs are more numerous and recruitment in RS suffers this competition.

In the UK for instance, in a period of relative economic buoyancy, even in poorer parts of the north-east it would appear that the combination of increasing demand for childcare and elder care work, together with the increase in low-paid private sector service jobs, has been sufficient to constrain recruitment in even some of the most deprived wards in the country. This is the case of Sunderland for example, where recruitment problems have been exacerbated by the arrival of a number of new employers in the city in recent years, notably supermarkets and call centres, offering alternative employment, particularly to women, from whence the care workforce is traditionally recruited. These pressures are greatest in childcare because the sector is experiencing a significant inflow of funding and needs to ratchet up provision very quickly to meet increased demand. The Government’s Sure Start Unit estimated that between 175,000 and 180,000 childcare workers needed to be recruited between 2003 and 2006 to support the projected growth in childcare services and to replace those leaving the workforce. This is putting a strain on recruitment. It is also putting a strain on staff retention in individual organisations as workers move between childcare employers, adding additional costs to those organisations in terms of replacement and training. This process, of course, does not imply an overall loss of labour to the sector, merely a shifting of labour, and employees moving are likely to do so in anticipation of benefits.

In other countries like Spain where unemployment has for long reached high levels, the contrary has tended to occur, that is, the absence of problems of attraction and retention of the workforce. However this is changing as unemployment has become much lower, and as the very important expansion planned in Catalonia – and probably more generally – is creating tension on the labour market in this specific sector.

In France, unemployment at the time of the research was between 9% and 10%, and twice as high for young people. The situation is different from Spain because our case studies confirmed major difficulties in attracting and retaining the workforce. A major issue, according to the people interviewed, is the image of the work, associated with very tough tasks, which is actually the truth after all.

The reality of workforce attraction and retention is hence diverse. Except for the Spanish economy where these new services represent a lot of new opportunities for entrants on the labour market, the other national economies seem to face recruitment difficulties. However our approach is not situated at a macro level, but at a micro level. Hence we are looking at local situations. This explains why we have situations that differ from the national picture. Indeed, in the general tendency that we are exploring, there are of course companies or associations which do not have any recruitment or retention problem – on the contrary. In Italy, a counter-example is ITCS 1 which receives a vast quantity of curricula vitae and applications for jobs. The power of attraction of this school is really important. The fame of this school (a “Montessori” school) has spread, and many young people wish to work there because of its specific pedagogical approach to education.

Nevertheless, despite these counter-examples, the reality is clearly one of a labour market constrained not so much by quantitative factors (potential supply and demand are large), but by qualitative factors relating to job quality.

73 Sure Start Guidance 2004-2006 Section II Delivery Guidance
Qualification requirements

Another factor which reinforces recruitment problems is the new regulations obliging employers in both childcare and elder care to have a qualified workforce (see below). In the UK, it is assumed by most of our respondents, including those on the union side, that these new requirements will have a positive impact on recruitment over time, through improving the image of the sector. However, in the short term, at least, recruiting childcare workers who are qualified or those unqualified but prepared to undertake the required training is currently seen by many of our respondents as exacerbating existing problems. Training requirements appear to be more easily accepted in the childcare sector. In neither sector, however, did we uncover much evidence of immediate pecuniary reward or financial incentive for gaining qualifications. In UKCS2 employees achieving an NVQ Level 2 received an additional 10p per hour. In UKCS5 an employee who recently achieved an NVQ Level 3 received no financial reward at all. It was stated that as she was already receiving the qualified rate of £5.24 per hour which is applicable to staff qualified to Level 2, the only way she could increase her wages was to apply for a more senior position (for which there were no vacancies). There may, of course, be other rewards in the shape of career development and transferable skills, but this may not be sufficient to encourage people into a sector where training is relatively onerous compared to similarly paid occupations where no training is required.

In the UK, although there are sector-specific differences in both sectors, the inability to recruit is impacting on the ability of organisations to grow in order to serve the market and is having an impact on the delivery of services. As one childcare manager put it:

“...when you’re talking about workforce development, we’ve got a huge problem of recruitment, a massive problem. We actually can’t develop any further, although the opportunities and the demands are there, the funding is there but the people who are qualified aren’t there to actually develop”.74

A similar picture emerges in elder care. Still in the UK, in one case a local authority had difficulty in putting out care work packages to independent sector organisations because they did not have the capacity to deliver them. This was mainly to do with a lack of staff. Personal care is a service that is required 365 days of the year. This means that the organisation does not just require a designated member of staff to do the work, it also needs to have staff available to provide cover during the absence of that designated worker whether the absence is due to days off, annual leave, sickness or attendance of training courses. For each care package they accept, the agency has to have the capacity to fully implement that package and due to recruitment difficulties, work is often turned down. Indeed, the situation has become so acute that local authorities, together with national government agencies are subsidising the recruitment drives for independent sector care companies.

2. What innovations are needed to address these barriers?

We will successively focus on six types of practices and innovations:

- The first one is the more important in our eyes: it consists of improving the quality of jobs in themselves, with the specific aim of attracting workers to the sector. There are individual provider initiatives and collective initiatives.

74 Manager UKCS5
- The second one, no less important, is to initiate procedures on the labour market in order to improve the match between demand and supply. These innovations do not concern work in itself, but the bringing together of employers and workers. Communication and promotion strategies will be also analysed at this level.
- Following this line of intermediation, the role of inclusion and employment policies for hard-to-reach groups will be assessed as a lever for creating new jobs.
- Encouraging transitions between jobs.
- An innovative trend is to try to attract and retain men in the sector, which is not often easy.
- Finally, a crucial dimension for public policies is to combat informal and undeclared work, which is of course a way of expanding the regular workforce.

2.1 Making jobs more attractive: better paid, more secure, more stable, full-time, etc.

2.1.1. Single provider initiatives

In the UK, addressing recruitment and retention, particularly recruitment, issues preoccupied many of our respondents. In most cases recruitment and retention difficulties were perceived as system level problems. Individual organisations appeared to have only limited scope to address the issue. Those organisations in the independent sector felt they were limited in the improvements they could make, particularly around the question of salaries, working hours and the timing of work. In respect to salaries, independent organisations were restricted by the amount of money made available by the local authorities. Hourly wages reflected hourly rates under the terms of the contracts negotiated. There was some anecdotal evidence to suggest that hourly rates may be improved in a response to the recruitment problems, though the preferred option of the local authorities to whom we spoke appeared, in the first instance at least, to be to expand the number of companies with which they contracted in the hope that somehow this would expand the numbers of people willing to enter care. This seems a forlorn hope given the localised nature of the labour markets and may simply result in movement between organisations. The solution would appear to be for local authorities to pay more and to include clauses on wage levels (i.e., to fix for firms a proportion of the hourly rate which should be paid to workers). This is unlikely to happen because: (a) a principal reason behind contracting-out is to cut costs and most of the costs of paid care are wages, and (b) local authorities would be seen to be interfering in the internal operation of independent organisations.

Some individual organisations in the independent sector were trying to find ways of improving remuneration though, given the contractual constraints within which these organisations operate, this is likely only to be at the margins. The most interesting initiative was taken by UKCS1 which developed a share allocation scheme (see box below). This approach was said to help with retention as well as improving the commitment of workers to the organisation.

Scope for adjusting the timing of working hours was extremely limited given the demand peaks which characterise both childcare and elder care, particularly domiciliary care. For domiciliary care workers, the question of guaranteed hours was particularly pressing. There was some evidence of movement to address this question. UKCS1 has been moving towards guaranteed hours\textsuperscript{75}, but this is likely to remain unusual. Others recognise the lack

\textsuperscript{75} At the time of interview a working party of employees was looking at the issue and putting together some recommendations on how to implement the idea.
of guaranteed work is a problem for employees, but are genuinely unsure of how to overcome this problem. In order for this to be done systematically, more money would have to be made available.

The same company has also tested a **fixed travel-time payment for domiciliary workers**, which, it seems, represents an innovative improvement in their working conditions.

### The case of “Home Care Associates” in a northern city in England

The organisation at the centre of UKCS1 (or “S.”) was established in 1993 in order to “deliver care services to the elderly and frail” in the local area in which it operates. “S.” is different from other organisations covered in the UK case studies in that it is an employee-owned limited company. The company is a member of the North East Social Enterprise Partnership (NESEP) and considers itself a social enterprise. In line with emerging thinking, the company argues that only by operating on commercial lines and in a professional business manner can social enterprises succeed. Apart from a small amount of start-up funding, “S.” has prospered through winning contracts from the local authority and other clients. The company was formed at a time when the local authority was beginning to contract out elements of its domiciliary care delivery. The company successfully tendered for a part of that work and commenced operating in July 1994, initially employing eighteen carers. In December 2004 the company employed over one hundred and sixty people. In 2003-2004 S’s turnover was £1.7 million and it generated a profit of almost £60,000. In 2005 “S.” together with NESEP had started to export its model to other areas and had set up sister organisation in a neighbouring local authority. The local authority remains S.’s main customer and personal and domestic care its main market. The company has also diversified, however, and has new clients in areas such as student disability support, support to adults in the home using direct payments, and work with children with physical difficulties.

As a worker-owned limited company, worker representation differs from that practised in most organisations. A fairly traditional management structure is in place to carry out the day-to-day running of the organisation and these managers are also key players in forming company strategies. The ultimate forum for decision-making, however, is the General Meeting where worker-shareholders are able to vote on various issues, ranging from the colour of uniforms to the structure of pay increases. To take the example of pay, perhaps the most important issue on which worker shareholders have the right to vote, the system works as follows. An analysis of anticipated income and expenditure is undertaken and a series of options are developed as to how pay increases might be distributed – for example, whether to adopt an enhanced payment for weekend working or a flat-rate across the board payment system regardless of time of the week worked. The intention behind the General Meeting is to include as many voices as possible and the company tries to arrange meetings at times and places convenient to as many staff/members as possible, though the varied working hours (and family commitments) which staff work mean that not everyone can attend.

Another aspect of inclusiveness in decision making is the practice of establishing working groups comprised of volunteers from the workforce to explore strategic questions emanating from the Board or from the floor of meetings. For example, a working group was established to explore the basis on which shares in the company should be allocated (see remuneration section, below). At the beginning of 2005, a working group is exploring whether and how the company might offer workers **guaranteed hours**.

“S.” recognises that the conditions for care workers are poor and has attempted to improve them through a series of measures. Initially, the company was established as cooperative, but in 2001 it changed its legal status to become an employee-owned company limited by guarantee. Shares are issued and apportioned to employees. Funds are set aside from pre-
tax profits and are placed in an Employee Beneficiary Trust, which holds the shares on behalf of the workers. A Profit-Sharing Trust distributes dividends. Profits transferred to the trusts do not attract corporation tax so savings are made. **All staff who have been with the company for 6 months are allocated shares in relation to the number of hours they work.** There is a ceiling on the number of shares which can be given to any individual to avoid discrepancies in ownership becoming too large. UK government policy seeks to promote employee share ownership and tax regulations are constructed so that if employees retain shares for a period of five years (previously three), then, when they cash them in they do not pay tax or national insurance.

The company also seeks to find innovative ways of maximising worker income within the constraints of the fixed hourly income which client organisations are prepared to pay. For example, until recently workers were paid for each half-hour they spent with a user, but they were not paid for the time travelling between users. They were, however, paid car mileage for work-related travel. Research suggested that the workforce could benefit if the mileage allowance was withdrawn and a fixed travel time payment was introduced instead. This was because tax was levied on the mileage paid to workers by the company. Now workers have to pay their own mileage, but they are able to claim tax relief on these payments, though they can only claim this back at the end of the financial year. The company has organised help for workers to reclaim this tax. Again, the decision to move from mileage to travel time was voted on by the worker-shareholders at a General Meeting.

One local authority has recently introduced a ‘retention system’ whereby if a service user goes into hospital, or for whatever reason no longer requires home-based personal care for a period of time, the service provider can charge for the usual amount of care provided at the full rate for two weeks. This should allow for more flexibility from care providers and could make care work less precarious as the company could use the money to pay individual workers while they arrange for them to obtain new clients. In one of the case studies (UKCS2) the agency passed half of the sum received on to the care worker.

The **German** report mainly emphasises the case of DECC 4 and DECC5 (childcare), which have developed a pro-active approach with respect to job creation. DECC3 shows how difficult it is to transform temporary project work into permanent employment. By way of conclusion, the report states that, for Germany, it would be more appropriate to speak of the ‘creation of work’ in childcare than of job creation in terms of paid employment! This would be worth developing in fact, because beyond the irony it is one of the most important observations of our research (maybe all these case studies and remarks should be developed later in the next point on initiatives to raise job quality).

In **France**, for social mediation activities, the main issue is that of sustainability (“pérennisation”) of the jobs created under the framework of Emplois Jeunes, during the period 1998-2002, which could last up to five years, so that some young people were still employed under that contract at the time of the inquiry. The question is, therefore, there has been a massive creation of jobs supported by public policy – what is to be done when the financing under these policies stops?

As we saw above, these activities were invented very recently and organised by associations expressly set up and promoted by public bodies. What has happened since? We have observed that FRCS 16 has managed to stabilise almost all its workers under permanent contract. In our sample study, we observed that no employee works part-time (this is an agreement adopted by the organisation, but it does not belong to any collective achievement). Jobs are, however, mainly publicly-subsidised jobs, under new employment policy schemes. In order to ensure jobs continue after the Emplois Jeunes experience, the organisation has had to increase its fees (paid by transport companies where the mediators work), which was possible because of a modification of the local contract signed between the organisation, the transport company and the municipality. Other initiatives were taken in order to expand its activities beyond transport.
This example shows that the function of “mediator” in urban areas has been appreciated by people, and that it corresponded to a new need. However, such new activities remain under the financial patronage of the State. The market is not capable of taking over from the public sector. This dependency is eventually borne by the workers. The French word “pérénisation” (perpetuation) clearly shows the main problem, which is most generally that of the third sector sphere and its dependency on public resources.

2.1.2. Collective initiatives

Beyond individual organisations, a number of initiatives were in place which were concerned, at least in part, with recruitment and retention.

In the UK, national and regional (or sub-regional) workforce strategies were in place in the NHS and in social care and childcare, all of which make reference to the difficulties of recruitment and retention. These strategies appear to be backed by increased research and relatively detailed workforce data is being collected to inform these policies. Closer working between organisations to inform and design these strategies were also in place in both our study regions. These strategies tend to cover a wide range of workers, going beyond those on which we have chosen to focus in our fieldwork. As far as they relate to care workers the main approach seems to involve increased access to training, coupled with clearer career pathways.

There was a surprising degree of uniformity in the views expressed by both management and by trade union representatives that this approach would lead to improved retention and in the long run to improved recruitment. This view was certainly held (or at least expressed) at the strategic level. The main assumption seems to be that as training and accreditation becomes more prevalent, the image of care work will improve (it will be seen as more professional) and, if this can be tied to career progression then more people will be attracted to caring jobs. Limited anecdotal evidence from our respondents supported the view that training did have some impact on retention, with several respondents suggesting that organisations which were committed to training had higher retention rates.

Higher levels of qualification do not automatically lead to career pathways, however, particularly in small organisations, which typify the care sector, where opportunities for advancement within the organisation are very limited. This was exemplified by the case of a childcare worker who had recently achieved an NVQ Level 3. No senior positions were vacant within the company so she remained at her current level and was still being paid at the same rate as she was prior to gaining her Level 3 qualification. This was the situation with many childcare workers. UKCS6 had many out-of-school workers who were fitting employment around study at the local universities. However, they all recognised the lack of career opportunities within the organisation and once they had completed their degrees all were intending to look for work elsewhere, still within the childcare sector but not the ‘face-to-face’ work they were currently undertaking.

The situation in larger organisations is potentially different. In UKCS16, which is a large organisation by childcare standards, for example, there were opportunities for career advancement and as nurseries are located in clusters workers can easily move between several nurseries without having to relocate to a different area.

Our research suggests that training and accreditation are a key area of innovation in RS and we consider this further in the last chapter. Whilst money for increasing wages seems to be limited, money for training is quite easy to access. Indeed, one organisation suggested that training was a way of offsetting low wages:

"The wages are terrible and I know the Chief Executive and myself have conversations and he knows himself that the wages are terrible and I think he gets some comfort out
By and large the workers we interviewed were positive about training, but whether or not they see it as a compensation for low wages is, however, not clear.

In Spain, the collective agreement (in Catalonia) for educational leisure, which is being implemented as the first agreement in this sector, has great potential for expanding the workforce through different channels: first, by raising wages, as already described above; second, by enhancing job security and improving the nature of labour contracts; third, by means of the possible regularisation of undeclared workers (ESCS 3). This new regulatory framework for employment and working conditions in the sector (which did not exist before, and does not exist in any other Autonomous Community in Spain) can indeed expand the formal workforce as many of the staff working in the sector had no contracts or contracts covering only part of their work. As a result, this new agreement is likely to contribute to the regularisation of jobs which had been in the informal economy before.

Its implementation in a third sector organisation such as ESCS 6 (which provides educational leisure services, especially lunchtime services) shows its possible effects on job security and wages. This has meant a salary rise for some of the staff, and it is starting to have an influence on the type of contracts offered (permanent discontinuous contracts instead of contracts for work and services – this is especially important to secure stability of employment in cases of transfers of undertaking). However these contracts are still offered only after one year in the organisation, and they do not address the problems of lack of continuity of income and activities. The major challenge for retaining the workforce lies in the low number of working hours offered. The most stable segments of the workforce are those getting more working hours because staff under such conditions may think of ‘having a career’ in the organisation, e.g. by becoming co-ordinators, first in the particular school and then at territorial level.

However, this agreement supports the employability paradigm, i.e. a vision of this sector whereby jobs are seen as “opportunities” rather than as stable jobs, which permits many derogations from standard job quality. This move is a serious limit to the development of quality jobs in the sector, and might create perverse effects in terms of recruitment and retention.

The attitude of third sector providers towards the collective agreement is actually conditioned by their vision of the labour market in the sector. One of the main third sector players, a Foundation which is actually an umbrella organisation for many youth centres as well as for an educational leisure company, argues that the jobs they offer should be seen viewed more as “opportunities” rather than as proper jobs. “Being an educator (“monitor”) is a complementary job which cannot serve to sustain oneself or one’s family. It’s a job which is useful for students and for women over the age of 40, with grown-up children, who see this as a complementary activity and as a way of acquiring skills, with working hours which suit them... If somebody is trying to become financially independent from such wages and set up a family, obviously this is not the thing, and it will never be.” At the same time, the same providers insist on the growing professionalisation of this activity, in order to move away from “altruism”. But, according to the same respondent, “being a professional does not necessarily mean being paid”.

This discourse seems typical of part of the third sector organisations in Spain which have moved away, in part, from voluntary activities, and position themselves as “professional” providers, offering “professional services” delivered by qualified staff. They can afford to do this by leaving behind their strategy to attract volunteers on the basis of “vocation” and “solidarity” and packaging their job offers as “opportunities” for “skills upgrading”.

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76 Training and Development Officer UKCS6 interview transcript
(capacitación) and “acquiring experience”: paternalism has not disappeared but is being re-packaged in the current employability discourse.

In this sense there may well be a change of direction in the discourse of third sector providers which needs to be further checked in our analyses of specific providers in this sector. The author of a recent paper on voluntary work as a strategy of labour market integration highlights a trend, amongst third sector organisations, to rephrase the idea that voluntary work is taken up by young people with a “social vocation” in the new labour market context. The take-up of precarious jobs in the third sector would apparently be the new version of this “social vocation”. But we have not found this discourse, although it is quite likely that it is indeed in use. What we have found is a claim to provide “work opportunities” and a possibility to improve one’s skills in a competitive labour market – third sector organisations would, then, switch their discourse from providing an opportunity to express one’s “social vocation” to contributing to improving the employability of young people and their opportunities in a highly competitive labour market.

2.2 Intermediation strategies: improving the matching of demand and supply

Intermediation between demand and supply can be fostered thanks to partnerships with Public Employment Services (PES) or training centres so that applicants can easily find an organisation which recruits, and so that organisations can easily find the right candidates to fill vacancies.

This approach consists of four main elements:

- Recruitment in cooperation with the public employment services.

  In social mediation activities, the difficulties and uncertainty inherent to a process of recruitment have been reduced thanks to a partnership between FRCS 18 and a local agency specialised in integrating the unemployed into work. This agency pre-selected 150 candidates with the required profile. This intermediation was necessary because of the urgency which characterised the establishment of the organisation. Hence the partnership process with an intermediary able to facilitate the matching of supply and demand. Of the 150 candidates for a job of social mediator, 22 were finally recruited under permanent and full-time contracts. The ratio of 150 pre-selected candidates to 22 recruits for mediation shows the limits of this exercise, however.

  This example provides a very good counter-example to the widespread idea, in economics, that low-skilled jobs in services are meant for “substitutable” low-qualified people. Here, it is clear that the candidates were not substitutable, and that not just anyone would do. This point could be underpinned by other examples.

  In another example, the public employment service used questionnaires drawn up by an elder care platform in order to detect job-seekers with the required profile.

- Organisation of training courses by groups of employers or by the public employment service.

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In the United Kingdom, in the context of the Sure Start programme, an association for childcare service providers organises training in childcare jobs. One of the original features of this programme is that it is aimed at target groups in difficulty and thus combines recruitment, insertion and social mediation. The main target of the programme is families where both parents are unemployed.

In **Spain**, a recruitment strategy is based on Employment Exchanges organised by local authorities. The Foundation of Educational Leisure in Catalonia, a third sector provider (ESCS 6), organises training courses, which is also a recruitment channel. For example, in the autumn of 2005, they set up a programme to train unemployed people ‘for free’ to the level of ‘educational leisure monitor’ recognised by the Catalan administration – this is a course subsidised by the European Social Found. Trainees can then join the Foundation’s work exchange and be contacted as soon as a vacancy occurs.

**- Promotion of the sector and local “fairs”**

**Intermediation strategies may coincide with communication strategies, aiming at promoting the elder care sector.** As the latter does not have a good reputation in terms of working conditions, networks of organisations (like FRCS 6) have organised “**forums** for **job-seekers**,” in conjunction with the National Employment Agency (ANPE), the local public agencies in charge of coordinating services directed to the elderly (PLIEs), training centres and decentralised State institutions. During these forums, which might take place at a very local level (“mini-forums”) or at a broader level, organisations and institutions try to change the devalued image of the sector of elder care, emphasising the positive aspects of this relational work. Job-seekers can apply directly for a job or a training session. They may have been coached or counselled at an earlier stage by their personal advisor. There is some “pre-selection” at the ANPE, based on a questionnaire devised by FRCS 6 which assesses people’s competence. If the applicant needs a training session, there are partnerships with publicly-funded training centres for 150-hour sessions (on average); the applicant also receives a promise of a job. The centralisation of recruitment in these kinds of partnerships, and above all the involvement and participation of public training centres which can provide individualised assessment of candidates’ competence and vocational training, constitute innovative practices as far as recruitment difficulties are concerned.

This should be compared with the recruitment fairs and roadshows observed in the **UK**. This approach has been adopted by a number of local authorities and EYDCPs (in childcare). Costs of the venues and promotional literature and recruitment packs are thought to have been met by the local authorities with the independent sector paying only for their own time in participating. These roadshows certainly did not cost the care agencies anything. Anecdotal evidence suggests that these roadshows had limited success in drawing workers into the sector.

To be effective, these “fairs” must be decentralised and held as close as possible to the potential employees.

**- Pre-recruitment through summer courses for students or pupils, or by replacing employees who are ill.**

In **France**, some organisations have developed links with training centres and the public employment service so as to recruit young people in vocational training on the basis of trial periods. They obtain an initial experience in the sector and see if the sector corresponds with their wishes. For the organisations, it is a good way of having a potential workforce immediately operational in case of any staff problems, which is often the case due to the high turnover (this is confirmed by FRCS 8). Each
year during the summer, FRCS 3 recruits ten trainees who make up for the staff missing during this period. They often find a job after this trial period (eight in 2004).

This is similar to what the Italian crèche ITCS 5 is doing. It also has agreements with a university and recruits trainees who might stay on under a normal employment contract later.

Following the same idea, we have observed in France that some organisations also take part in the training given in these centres, or in the diploma juries or commissions, which enable them to find qualified candidates easily (FRCS 2).

2.3 Including hard-to-reach groups in work – inclusion strategies for expanding the care workforce

Inclusion policies are also a means of developing employment in the sector, and of reducing recruitment difficulties. The goal here is to enhance the capacity of people with some difficulties related to employment, or even that of people excluded from the labour market, to take part in the formal care workforce. The policies under review are targeting such people with an expected dual return: on the one hand, to increase their capability for employment and hence to reduce the economic and social costs linked to their inclusion problems; on the other hand, to increase the employment rate in RS sectors in particular. The political strategy must be analysed and compared with the European Employment Strategy which has in fact asked Member States to activate employment policies in order to obtain both of these returns. But such inclusion policies based on the RS economy used to exist before the implementation of the EES as national strategies for social inclusion, economic participation and the development of such services.

Indeed, for RS to expand, the first issue identified is the narrowness of the basis for recruitment: hence these strategies aimed at expanding the range of potential care workers. An additional goal is sometimes present as well: bringing men into care work. This is especially the case for young men who have some difficulty finding a job in other sectors.

As the report on employment in social care in Europe by the European Foundation for the Improvement of Living and Working Conditions says (2006: 22), "One potential solution to the labour shortage problem in the care sector is the employment of those currently unemployed or inactive. However, there appears to be an ongoing ‘disconnect’ between those offering employment opportunities in social care and those seeking work: the sector does not attract those who have never worked in social care and those without social care experience do not view it as a viable employment option."

What do the case studies teach us about these strategies? To what extent is it possible to couple these two ambitious goals, i.e., integrating people with difficulties into work, and developing the potential basis for recruitment in RS? Are these two goals compatible?

2.3.1. United Kingdom: Pre-Employment Training and Intermediate Labour Markets

a) Presentation

In the UK, four of the case studies focused on initiatives designed to widen the range of people participating in the care workforce. Three of these (UKCS8, UKCS10 and UKCS14) focused on attempts to draw those judged to be ‘distant from the labour market’ into care
work through pre-employment training (PET) or through Intermediate Labour Market (ILM) programmes specifically tailored to care work. The fourth case study (UKCS9) focused on efforts to bring men into care work. In this section we concentrate on the former group and consider recruiting men into care work later. Perhaps reflecting government priorities and funding, the most developed PETs and ILMs we found in RS were in childcare and this was the focus of our research.

Over the past five years or so a number of inter-related developments has occurred which has resulted in the growth of initiatives to increase the numbers of people entering childcare. At the national level the labour government have emphasised the importance of childcare, mainly because its ‘good for the economy’\textsuperscript{78}, but also as a means to avoid child poverty. This policy emphasis on childcare has been accompanied by extra funding and by the growth in childcare places. For example, Working Families Tax Credits and Childcare Tax Credits have been introduced in order to increase demand amongst lower paid workers and money has been put into the supply side through Sure Start programmes. Deprived areas have been the main priority of Sure Start. Deprived areas have traditionally suffered from under-provision of childcare and despite policy initiatives from Government, the 20 per cent most deprived wards in England still have significantly less early years provision than other areas (NAO, 2004).\textsuperscript{79}

Over the same period labour market policy, which in the UK is designed by national government and is delivered by national government agencies, notably Job Centre Plus and a range of organisations at the local level, has moved from simple ‘activation measures’ that seek to increase employment levels among the unemployed to more demand-focused policies which seek to match measures to get people into work to perceived employment demand in the local or wider labour markets.\textsuperscript{80}

The increased demand for childcare workers and the obvious lack of supply has led those concerned with local economic development and regeneration to consider initiatives to prepare local people for work in childcare. \textbf{Areas of high unemployment do not necessarily generate a surplus of individuals competent and willing to engage in paid childcare work.} The three case studies considered here were all based in areas of relatively high unemployment (or hidden unemployment), which all struggle to meet demand for childcare workers. This lack of supply, in turn, is seen as a barrier to other people with children entering the labour market because of lack of childcare, creating a vicious circle. The logic behind intervention by economic development actors in these circumstances was described thus by one commentator:

\begin{quote}
"Investment in childcare projects would seem to be one approach that links together economic and social regeneration. It offers employment within the local area, gives local people with children the opportunity to access the wider labour market and increases the level of childcare provision in areas of deprivation, with possible long-term benefits for the children’s educational achievement.\textsuperscript{81}"
\end{quote}

A number of Intermediate Labour Market (ILM) and PET programmes are emerging specifically looking at how to recruit ‘hard-to-reach’ groups into the care sector. This can be seen as opportunistic to some extent, in that the chances of meeting targets are enhanced if an ILM focuses on a type of employment where there is clear demand. However, it also

\textsuperscript{78} See The National Childcare Strategy (1998)

\textsuperscript{79} National Audit Office (2004) Early Years: progress in developing high quality childcare and early education accessible to all. London: TSO.


reflects both the regeneration logic outlined above and the demand led focus of labour market policy.

All three initiatives (UKCS8, UKCS10 and UKCS14) were set in some of the most deprived neighbourhoods in the UK and specifically sought to recruit the long-term unemployed/economically inactive. Each of the initiatives attempted to not only draw traditionally hard-to-reach groups into the labour market via childcare training schemes, thus increasing local childcare provision, but to deliver a number of soft outcomes. These include enhanced parenting skills, raised self-confidence and improved social and interpersonal attributes.

In all three case study areas, a severe shortage of childcare workers was identified and it was determined that the labour pool of childcare workers needed to expand. In UKCS10 and UKCS14 this shortage was particularly in qualified crèche workers. UKCS8 covers a network of local initiatives, each of which focused on particular childcare job(s) depending on perceived local shortages. Thus, the focus is very local. This local focus is also seen as crucial because generally speaking the long-term unemployed do not tend to seek work beyond their immediate environment. Also travel costs are likely to be a disincentive to take-up of low-paid training or employment. There is also the need to gain trust and to build a reputation, both of which are said to be more easily achieved at the local level. Being local is also important in carrying out the type of out-reach work which is often necessary to attract hard-to-reach groups. For example, in UKCS8 a ‘pre-ILM’ had been developed to recruit the ‘hardest-to-reach’. This involved community animators who went to the community setting and even went door-to-door to seek out recruits.

The initiatives all differ in detail. UKCS10 and UKCS14 provide training alongside work placements so the trainees gain qualifications and practical experience. Placements are unpaid, however, and trainees continue to rely on social benefits or on a partner’s income or other forms of income. UKCS8, by contrast, offers a paid placement at the national minimum wage rate for up to 52 weeks, the worker-trainee being employed by the organisation responsible for the training rather than by the nursery where the trainee-worker is carrying out the work. All three organisations offer training to level 2, though only UKCS8 focuses on achieving Vocational Qualification (VQ) level 2. This means that trainees are ‘work-ready’ for the appropriate childcare setting when they finish the course, though further training may be required once they start work.

b) Some degree of success

Although all cases are different, each seems to have had some degree of success in expanding the local labour pool for childcare work, through generating work-ready staff and in many cases placing those staff in employment, as well as meeting ‘softer’ targets. In the following sections we focus on a number of common points emerging across the projects.

The initiatives aim to attract mainly ‘hard-to-reach’ people who have been unemployed for some time and who, perhaps, have never worked. One result is that those who sign up face additional barriers to most people when undertaking any form of training. Again themes are common across the initiatives. Few trainees have any qualifications, many lack basic skills, and some lack social and interpersonal skills. Nearly all of them had a lack of self-confidence. One respondent expressed the situation in this way:

“Clients couldn’t enter childcare because of no confidence – they haven’t got the wherewithal to get into childcare. They may well have had experience of having children and think childcare is something they could do. But they couldn’t go for a job. (1) What they lack is qualification and skills in childcare and you need those to go into childcare
now. (2) They lack confidence and competence to go into the labour market – many have completely failed at school – it’s not been a happy journey for them.”

The projects are designed with these factors in mind and building confidence and self esteem was seen as a key target in all projects, as it is seen as ‘good’ in itself and as essential to achieving work and building a career.

However, although most recruits to the courses have these factors in common, all respondents emphasised the need to view trainees as individuals and to take into account their individuality in the induction and training process. Training is often tailored to the individual. In UKCS10 training sessions were expanded if any member of the group was experiencing difficulties, the emphasis being on the quality of training as opposed to getting people through quickly. In the other two programmes where a greater emphasis was placed on qualifications and employment, slowing down training was not possible. However, the programmes reacted to needs in other ways. For example, in UKCS8 additional tutoring was given by project staff on a one-to-one basis; all trainees meet with project staff once a week and staff also make themselves available at other times; where particular skill deficits were identified, resources were sought to address these, in one case a trainee was taken out of their placement and sent on a course to improve her English language skills, and was then put back on her placement. Support also extended beyond the duration of the formal course, with staff helping those who had graduated into work to prepare for level 3 NVQs, thus assisting them in becoming qualified to work in childcare unsupervised, boosting their labour market value. In UKCS14 learners have to complete portfolios of evidence regarding their training and work and time is allocated by staff to help them do so; a basic skills course was introduced to run alongside the crèche training course in recognition of the needs of some participants.

These levels of support are, of course, expensive and in many cases they depend on the good-will and commitment of project staff, and where placements are made, on the good-will of staff in the workplace. Often those involved in training have been through the same or similar courses, have shared the same background and can empathise with learners/trainees.

The projects also attempt to facilitate the move into training or work placement by addressing other barriers to work, for example, all the programmes assisted with childcare, either providing crèche facilities or providing a contribution to the funding of childcare. In the case of the one programme where a weekly wage was introduced to replace income support, a detailed assessment was carried out to ensure (a) that recruits do not lose out financially and (b) that they are supported in making the transition.

The evidence from our fieldwork suggests that the project is successful in creating training outcomes and employment. For example, during the period 2003 and 2004 the programme (the seven projects) succeeded in taking 303 people from long-term unemployment into childcare jobs. This success can be attributed in part to project-specific factors, but must

“C.”: an ILM in childcare

The “C.” (UKCS8) project aims to provide three employment benefits: (a) widening the workforce in a sector which finds it difficult to recruit and where research shows local ‘bottlenecks’, providing a trained and qualified workforce (b) facilitating labour market entry for people who would otherwise find it difficult to get jobs, and, (c) helping to stimulate childcare supply, thus providing opportunities for people currently unable to enter the labour market because of childcare responsibilities to do so. As the vast majority of people moving through the project are women it helps contribute to the goal of increasing female participation.

The evidence from our fieldwork suggests that the project is successful in creating training outcomes and employment. For example, during the period 2003 and 2004 the programme (the seven projects) succeeded in taking 303 people from long-term unemployment into childcare jobs. This success can be attributed in part to project-specific factors, but must

Manager Interview UKCS8
also be placed in the context of growing demand for childcare and government policy which seeks to increase childcare provision and access to childcare through tax credits and other policies. The project does, however, seek to go beyond simply getting the long-term unemployed into work, though this is of course its main goal. It also attempts to convey the career opportunities in the field of childcare, beyond basic childcare jobs, and the routes through which those opportunities could be accessed.

“C.” differs from many other ILMs, however, in that it specifically targets a particular sector, childcare. The project provides work experience and training to nationally recognised standards for up to a year of childcare projects across Glasgow.

The programme offers:

- Employment for up to 52 weeks
- Training – underpinning knowledge and assessment towards achieving level 2s/NVQs in early years and education or play work
- Opportunities in a range of associated qualifications
- Personal development opportunities identified by the client
- Vocational guidance and support in further employment
- Aftercare support for up to 6 months.

Seven local projects each working with local nurseries recruit people to the programme, induct them and then place them with a nursery (or with a play/work organisation). “C.” pays the workers’ salaries. The nursery therefore exchanges work experience for free labour.

The worker-trainee is employed by the “C.” and not by the nursery where they spend the majority of their time. In order to emphasise that the ILM represents entry to employment rather than a training placement, a formal contract of employment is signed between the local project and the worker-trainee. The contract lasts for a maximum of 52 weeks (and is subject to availability of funding). This emphasis on the relationship being an employment and work relationship rather than a trainer-trainee relationship is central to the ethos of “C.” and is seen as a key differentiator from many earlier (and continuing) ILM projects.

At the time of our interviews, worker-trainees were paid a weekly wage of £169.75 (€259) per week, equivalent to the national minimum wage. This is paid fortnightly into a bank account and worker-trainees must therefore ensure that they have a bank account. Travelling expenses for public transport travel incurred in line with business requirements is also paid. Assistance with childcare costs is also available for those who require it. Often recruits need to be ‘managed’ off benefits, to cope, for example, with not having rent paid directly to the landlord, and it must be ensured that worker-trainees are not economically disadvantaged by joining the project.

More recently, in order to expand the base for recruitment, “C.” introduced a pre-ILM so as to engage those who appear very distant from the labour market. People joining the pre-ILM get the opportunity to do tasters, they engage in confidence-building projects, perhaps working as part of a scheme or volunteering to work in a nursery or after-school setting to find out what is actually available to them in childcare and what routes are available. Clients meet with a vocational guidance mentor and identify whether they are suitable for childcare. Clients are actively sought from the community. Here the pre-ILM builds on work done under another initiative known as Full Employment Areas Initiative, a national (Scottish) programme. This initiative was characterised by its use of community development techniques to engage potential recruits. Particularly important were ‘community animators’ who work in the community.
As with all innovative projects there is a number of barriers to their sustainability. The projects described here are labour-intensive and costly, though where successful may lead to benefit savings in the longer term which far out-strip the cost of training individuals. The most important issue facing all projects is continuity of funding. In all cases public funding is crucial to sustainability. In all cases organisations had to engage in bidding processes in order to ensure continuing funding. This bidding process may involve a number of national programmes, each with different goals and targets, and with different eligibility criteria, with, for example, some only allowing individuals from certain (and different) postcode areas to attend courses. This process creates uncertainty, is time consuming and reduces the time which can be dedicated to the ‘core business‘. Given the demonstrated demand for childcare and the centrality of childcare to government policy, and also given the UK government’s current preoccupation with ‘worklessness’, there is a need for a detailed study pulling together best practices in projects of the kind considered here. There then needs to be a realistic estimate of how much funding is required for such projects to operate successfully and what targets and goals are appropriate (this may be a menu of targets and goals so as not to be too prescriptive). Once these have been established, funding should be mainstreamed and granted for a reasonable period, say five years, with, of course, appropriate monitoring.

2.3.2. France: “insertion enterprises”, local plans for integration through the economy and “intermediary associations”

In France, a large non-profit sector, mainly organised by small local associations, has for over twenty years developed a specific approach to inclusion and economic participation. This sector of “inclusion through the economy” (insertion par l’économique) has always relied on relational services as tools for helping disadvantaged people to return to a formal job, with all the advantages in terms of self-confidence, self-esteem, etc., that this involves. The principles of action of this sector have been well-stressed and analysed by the French theoreticians of l’économie solidaire (or “solidarity-based economy”, see for instance Laville, 1994).

The sector is sometimes defined as “para-public“ to put the stress on its origin in the third sector, but also its close relations with the local authorities. Most often the sector consists of associations dedicated to social and economic inclusion, but which are often governed by a local representative. Moreover, these associations were often set up with the explicit support of local councils and authorities, and financed by them. This is the case for associations aimed at the unemployed, like PLIEs (Plan local d’insertion par l’économique).

Within this sector of “insertion par l’économique”, some organisations are dedicated to providing social guidance and counselling, whereas others act directly on job creation in particular fields. This is the case in relational services, which have been considered as reservoirs of low-skilled jobs for people with difficulties. Social mediation and domiciliary care have thus been involved.

Social mediation is indeed a sector which has been developed by local authorities, financed by the national “Emplois Jeunes” employment policy, and focusing as a priority on young people with low qualifications or none at all, and/or with inclusion difficulties. Such people were directly recruited by associations for a five-year contract.

Things are much more complex for domiciliary care. Some “hybrid” organisations mix a proper activity of insertion par l’économique, based on social guidance, etc. (this is not necessarily the case of social mediation associations, which do not provide this social work), with a domiciliary care activity. This twofold activity may be difficult to manage. The main interest of such organisations is that they both act on labour supply – targeting people with difficulties – and on labour demand – encouraging people to consume domiciliary labour.
Two organisational forms exist under French law: the “associations intermédiaires” (AI) and the “entreprises d’insertion” (EI). They have specific legal status, created by employment policies during the late 1980s/beginning of 1990s, and were given a boost again after 1998 with a so-called Law to combat Social Exclusion. These associations must sign an agreement with the state representatives at local level; they must receive an accreditation from the National Employment Agency; and they must be piloted at the département level.

The main goal of these two organisations is to put people into concrete work situations in order for them to recover work-oriented skills and to experience a first, protected step in employment. This fundamental principle of concrete work situations is coupled with another, no less, important principle: that of derogation from traditional labour law.

In our sample, FRCS 5 is an EI and FRCS 10 an AI which provides elder care services as well as other services to private individuals. In FRCS 10, people work part time, with a mean working time of about 10 hours per week. In 2004, 145 individuals were working in this association as a means of being reintegrated into the workforce. Part-time work is often requested by the workers, most often by people who even work less than 10 hours per week because of particular difficulties vis-à-vis work and activity. In order to help people to restore their capability to work and their future social integration, the association offers them work-oriented services, like transport to the workplace (houses of the elderly) or psychological guidance in partnership with the public employment service. One issue arises when people quit the integration scheme provided by the association, which cannot go on forever. They may have improved their employability thanks to this long-lasting experience, but they cannot always be seen as fully employable on the traditional labour market.

Another kind of hybrid is FRCS 5, where the same organisation combines both a structure providing services to private individuals and a structure entrusted with insertion of people excluded from the labour market. As its Director says, “the value of our association is that it helps both the elderly and people with difficulties finding a job in this field. One should not think that older people don’t want to be helped by people following insertion schemes; we tell them that what we do is quality insertion and everything’s fine”. This association works in close partnership with the decentralised public employment services. For instance, the association is involved in providing vocational training to the selected workers which combines traditional training (theoretical and practical) and a tutorial; the workers have a personal advisor in a public insertion agency who helps them in all the domains outside work (housing, psychological problems, etc.). The tutorial, which is to last during the whole period the workers spend in this structure, proves very efficient, as “some of these persons have never worked in their life and don’t really know what domiciliary care is. Each older person has his/her own habits, his/her way of doing things, so we must teach our staff how to cope with these specific features” (the director).

The workers work 26 hours a week as carers, and the rest of time is dedicated to training. The contract lasts two years. At the end of this period, the beneficiaries have acquired a recognised qualification and two years’ professional experience which enables them to apply to other jobs in this field. The active partnership between the structure and the PES, and above all the genuine involvement of the manager of this structure, who wish to implement an innovative manner of looking at relational services, are crucial in the success of this experience. In 2004, FRCS 5 employed 43 people with work-related difficulties. The same year, 21 persons left the structure with a recognised qualification in elder care, of whom 13 found a job in the sector.

2.3.3. Conclusion

These two types of programmes are similar in spirit and approach. The difference between them concerns the employment situation. In France, the aim is to find work for people in difficulty in growth sectors. The emphasis is therefore placed on the job-seeker. In the
United Kingdom, the aim is to provide a labour force to a sector which cannot find workers. The emphasis is therefore on the supplier of work.

Other national examples could have been added. In Germany, the "one euro jobs" have also been used for services to private individuals. In Spain, we studied a municipal initiative in Galicia for creating jobs for young people with a childcare qualification and at the same time address an unmet need (activities at school in the afternoon). The problem here is the fact that the transition jobs created in this way rarely lead to stable employment, as we already explained above.

In the different cases, the goal of increasing people’s employability through concrete experience is practically implemented thanks to programmes that derogate from common law. The risk is that this derogating approach will, in a bid to increase employability, become widespread and contaminate other actors’ practices. What the Spanish case highlights is this idea of transition jobs, created to give experience to some targeted people, but which in the end remain permanent. Such “transitional but permanent” states were analysed by the sociologist Robert Castel in his research into insertion schemes in France.

Some approaches are, however, relevant in enhancing people's capabilities to work in a domain where job opportunities are numerous. This necessarily involves a costly approach, in terms of both cash and time, and the involvement of public institutions. It also requires acting on consumers’ minds, who can be reluctant initially to be helped by people with difficulties.

While a low-wage labour market can emerge by allowing salaries to fluctuate downwards (American model), it can also emerge indirectly because of measures to reintegrate the unemployed: sheltered employment such as “activity contracts” in France and “one euro jobs” in Germany.

Services to private individuals are often regarded as one of the sectors that can use this type of “insertion jobs”.

Our case studies highlight the difficulty inherent to this approach. Beneficiaries of insertion policies are by nature people experiencing social difficulties (long-term unemployment, and even exclusion). The challenge is to have the fragile helped by other fragile persons. It is not an impossible challenge.

In relation to social mediation and aid to ensure inclusion, the use of people who have themselves experienced periods of exclusion often turns out to be a positive thing since they are in a better position to understand the problems of the people they have to help.

Only the most simple tasks, however (mainly housework), correspond to a really low level of qualification. Moreover, working conditions are difficult: (see above): tough work (postures, physical effort), organisational problems (need to travel from one work place to another) and relational difficulties (work in a person’s home).

Market laws do not, therefore, offer those excluded from the labour market any spontaneous opportunities in services to private individuals. Only at the end of a fairly long insertion period can these people be re-inserted into the labour market. The sector of services to private individuals, like other sectors (green belts, construction) offers real opportunities for insertion. But the logic of the sector is the opposite of a sector comprising low-paid domestic staff. The insertion approach involves a high price for the community, and at the end of the day it turns out that these insertion jobs cost a lot, despite the fact that the salaries are low.

In a nutshell, these different points make it necessary to raise the question of transitional labour markets:

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83 The transitional approach in Spain applies to very qualified young people who cannot be considered as ‘people with difficulties’. 
- Transitional labour markets seem to be indispensable to permit access to employment by people excluded from the labour market
- but:
  o they are pointless unless they constitute a step towards a decent, quality job.
  o They must not be perceived as providing a bargain in terms of labour, and hence exerting downward pressure on the pay and working conditions of existing jobs.

2.4 Encouraging transitions between jobs

Our research has brought to light three types of transitions:

- The emergence of “transition plans” within undertakings themselves.

  These measures supplement insertion measures. Insertion aims to ensure the changeover from non-employment to employment. The transition plan will permit the changeover from an unskilled job to better quality jobs. In Italy, for instance, the “primo nido” crèche forms part of a social cooperative that is active in every aspect of assistance to individuals. This means that employees are allowed to develop and avoid burn-out. These practices form part of forward-looking employment and skills management, which in this case are being used as part of a bid to achieve qualifications.

- Transitions between undertakings when a contract is transferred.

  Here, the European Directive on transfers of activity guarantees the continuity of jobs. However, when the contracts with the authorities are short, employees can find themselves in the position of having to change employers very often with inevitable negative effects on careers. Thus we have seen the not infrequent case of a school in Spain, in which employees assigned to educational leisure activities changed employer four times in five years. Because there was no collective agreement, the legal minimum wage was applied to them each time. The European Directive does indeed guarantee employment, but ruptures in management can undermine the quality of employment. Only an improvement in the specifications imposed by the authorities can improve this situation.

- Voluntary work sometimes forms a transitional step to employment.

  Because of more professional management practices, the association sector tends to use fewer voluntary workers. At the same time, voluntary work can be a way of testing future employees. In Germany, voluntary work is organised by employment agencies to reinsert people excluded from the labour market, according to a principle of rotation: a period as a voluntary worker is followed by a training course.

In the Spanish context, the transitional rationale can be discussed. Has it managed to reach its target? The idea from the start of the programme driven by this rationale (like the Luditarde programme, already mentioned), in the minds of the municipal officer in charge and in agreement with the Federation, was that the jobs created should be transition jobs for young qualified people. The (implicit) commitment of the municipal authorities, however, was that it would help these transitions to be as good as possible, for example by setting up training programmes which represented a substantial plus in terms of qualifications for the young people concerned. See above, for example, the training of ‘urban educators’. In addition, at least in theory, the number of hours (paid, as we have seen, at a higher rate than is usually the case in this type of occupation) permitted the preparation of exams (e.g.
for public posts), and a number of young people indeed took advantage of this possibility and applied for teacher places or went further in their studies.

This transition rationale has thus worked for some of the young people involved. Out of the 18 young people recruited during the first year of the programme, six are now teachers (data provided by the municipal officer).

However, it does not work for the great majority. There are various reasons for that. Some of the young people working in the programme consider themselves above all as educational leisure educators, not as teachers. They have acquired a methodology which is very different from formal teaching, even for young children, and tend to reject formal education. For them it is difficult to imagine a transition towards the formal education system (‘I’d rather move to a village and become an animator there!’), yet the sector of educational leisure is not organised, but precarious, and there is not much work unless one is ready to work in the black economy and live at one’s parents’ home. Another factor, already mentioned, is the working time commitment – and the real difficulty this creates for preparing for exams. ‘If you want to apply for a public job (through exams), you have to stop some of these activities. You have to give up on them. I know I have to do it. But this job, it grabs you, it’s very enriching’.

Although there is a certain degree of acknowledgement, on the part of the municipal authorities and of the Federation, of the traps created for the young people involved in the programme, the people holding management positions in the programme (the municipal officer, the overall programme coordinator) also tend to point to individual responsibility and limitations. ‘There are ways out of the programme. Some educators who did not succeed in getting a position as a teacher in the public sector have moved on as teachers in the private sector. Others have created their own educational leisure companies. Some (of the young educators) really don’t try to find solutions.’

2.5 Attracting and retaining men in relational services

In the United Kingdom where workers are scarcer, additional policies are pursued to attract men to care services for the elderly and children. How to attract men into these jobs is a question that has many facets:

- there is a widely-held prejudice that these jobs correspond to the “natural qualities” of women.

- The low level of pay and the fact that the jobs are part-time mean that they are often regarded as only providing extra income.

In our interviews with employers, the idea that they might discriminate against men in recruitment was not endorsed. According to one British employer: “we always try to attract men to childcare services. Those who are working in such services are doing excellent work, and the children like them a lot”.

The accounts gathered during the British case studies revealed that these jobs have a poor image among men: fear of being regarded as homosexual (chauvinism and homophobia) or perverted, low pay and lack of career opportunities. In this country, the men working in providing services to the elderly are often people who are at the end of their careers and who were made redundant from industry.

In the United Kingdom, the approach to recruiting men is geared to the sporting aspect of the job: for instance teaching young children to play sports. Recruitment of men seems to have been very successful when the initiatives were focused on men: targeted recruitment campaigns, and training in an essentially male environment.
The British government has set itself a target of 6% men working in childcare. This has not yet been achieved.

2.6 Regularisation of undeclared work and professionalisation of volunteers

A final issue is that of regularisation of undeclared work, and of professionalisation of volunteers.

Undeclared work is one of the obstacles to the development of jobs in services to private individuals. The black market does not pose a major problem in the case of services that are at least partially refunded by the social welfare system. In this case, the refund is paid only if the service has been provided by a professional declaring tax. It is quite different in the case of a service paid fully by the client. Three main methods have proved effective in combating this phenomenon:

- Make the services that are declared more professional so that it is obviously more interesting to call upon a legally established provider. We have seen above that clients are in fact very sensitive to the quality of the service provided.
- Make declared work more attractive for clients by lowering the cost of the work. This could be done by reducing costs and/or by means of tax relief.
- Make illegal workers legal so that their jobs become visible on the market.

Our research confirms the above. France seems to be the best example of good practices from the strict point of view of effectiveness. This country operates a triple system:

- Means-tested benefits which encourage users with modest incomes to call in professionals.
- Tax deductibility of services. Since half of the price paid can be deducted from income tax, this measure actually halves the cost of the service.
- Controls on suppliers to ensure that they themselves do not use labour that is only partially declared, as is generally the case in the hotel and restaurant sector.

The fiscal cost of this policy is clear: the public budgets subsidise the sector at a rate that can reach up to 50%. However, there is a result. The sector of services to private individuals has been largely integrated into the official economy.

The opposite example is found in Spain and Italy. In Spain, the gap between the workers registered in the special employment regime for “domestic workers” (in many ways a “sub-status”) and the workforce registered as domestic workers by the Labour Force Survey has not stopped widening in recent years. It is estimated that at least 150,000 out of the 422,600 domestic workers actually perform tasks of domiciliary care (rather than just housecleaning), in particular for the elderly, albeit with a strong domestic work component (Laparra and Gonzalez 2002). These workers represent about 80% of the total labour force employed in domiciliary care for the elderly. The new bill being currently discussed may provide a way out if the planned subsidisation of the demand goes hand in hand with control over the employment conditions of domestic workers.

It should be stressed that informal labour does not only affect immigrants. For instance, the family-based models where women benefit from the social insurance of the “male breadwinner” drive women who want to re-enter the labour market to accept an undeclared part-time job.
As was already pointed out in our first report (Darmon and Yonnet 2003), the existence of a very large pool of labour supply amongst recent immigrant women in Italy and Spain and the significant lack of public funding for care services mean that a considerable share of employment in elder and childcare is still undeclared domestic work. In such a context, regularisation initiatives are bound to reveal the extent of the labour force employed in domestic work, which often overlaps with care work.

Thus, in Italy, the regularisation initiative of the government in 2002 led to domestic work surfacing to an unexpected extent (Resca and Sbordone 2004). For example, in the Emilia Romagna region, the number of home caregivers who presented themselves for regularisation reached 26,000. Twenty-two thousand were in fact regularised, and became officially employed as domestic workers.

Germany is also seriously affected by the black market in services. The German government has introduced a series of measures to fight illegal employment and undeclared work. Although there are no reliable figures available on the extent of undeclared work, the government issued a statement in June 2004 providing estimations that undeclared work could represent a volume of 370 billion euro a year, which would be equivalent to 17% of German GDP, according to the Federal Government. The government recently introduced new measures aiming at combating undeclared work, e.g. the new regulation on ‘minor jobs’, the ‘Me Inc.’-scheme or legislation on temporary work.84

We are very cautious about assessments of undeclared work as they are based more on deductions than on established facts. However, the convergence of figures appears to confirm that the phenomenon is growing. Undeclared work plays two roles:

- First, in the case of Spain, it is pushing salaries downwards and leading to a decline in working conditions in a country where there is an excess supply of labour.
- Second, in the case of Germany, it is compensating for the obviously insufficient supply of services.

In both cases, it is destructuring the services market and, in particular, the labour market.

More generally, restrictions on access to funding of domiciliary care is bound to systematically have repercussions on undeclared employment, even in comparatively generous systems. In France, for example, it has been noted that the more dependent elderly tend to be more numerous than average in employing a carer directly (sometimes a relative) rather than resorting to an organisation, and for more hours than those planned and funded under the care plan validated by local authorities (Mette: 2004, 6).

Recent initiatives were also identified aiming at transforming volunteers into paid workers, within a context of professionalisation of some activities of the voluntary sector.

In particular, we have noted interesting developments in the area of out-of-school activities in Spain, where voluntary work seems to be progressively replaced with paid employment opportunities, especially for young people and mature women seeking to re-enter or enter the labour market. As private companies are starting to explore these niches, and as pressure is mounting on parents (both to cope with ever more “flexible” working times and to secure educational opportunities for their children), out-of-school activities are growing and becoming more professionalised. Private for-profit companies and third sector organisations compete to provide services and employ (and sometimes train) qualified staff (Aiguabella et al 2004).

In recent years, Catalan youth organisations have evolved towards more professionalisation and the provision of services. In fact, it seems not to be infrequent to find, within the same network, voluntary associations and completely professionalised service providers offering out-of-school activities and educational support during lunch breaks. These service

84 “Thematic Feature: Industrial Relations and undeclared work in Germany”, EIRO, 13 August 2004
providers underpin their services with the discourse of youth associations, and benefit from a reputation based on their long educational tradition. However, as far as we could judge from our initial interviews, they seem to be very similar, in their organisation and in the services provided, to the for-profit providers of general out-of-school activities.

On the other hand, in Germany, the relationship between voluntary work and paid work is taking on a different shape in the framework of innovative schemes for the reintegration of the unemployed. Thus the government is trying out a kind of rotation principle: people who worked as volunteers a long time should be trained and further educated in order to obtain higher positions in the field of care. The former jobs of the volunteers will be occupied by unqualified people who will get the opportunity to access further education. A pilot project has already started in the City of Bremen (Northern Germany). The government expects that more jobless could enter the labour market through this. The costs of continuous education are covered by the Federal Labour Office. Costs of further education are covered by the Bundesländer (Voss and Spitzner 2004).

In passing, we may want to note that, whilst initiatives are being set up (probably above all in the southern countries) for the labour market integration of volunteers, bottlenecks in the UK are leading some actors to promote voluntary work within social care sectors.

3. Conclusion

We have presented the main barriers to the development of formal work in relational services (childcare, eldercare and social mediation), and then some innovations observed at the level of organisations or at a broader collective level. These innovations refer to the need to improve working conditions in the sector. This is indisputable, in a situation where national economies with high rates of unemployment face severe difficulties recruiting staff for existing vacancies. The examples showed, in the case of the UK, that this effectively prevented some organisations from expanding, which results in unsatisfied needs. In concrete terms, it results in families who cannot find care for their children or for their dependent elderly relatives, which eventually is an issue for social cohesion, not only for employment figures. The improvement of working conditions – wages, status, atmosphere at work, etc. – will be on a par with a reduction in recruitment and retention issues.

A common fact is that the care sector suffers from a very poor image. Communication campaigns can help in the widespread dissemination of valuable information and in the promotion of a positive image, but they cannot replace genuine “material” improvements in job quality.

The jobs reviewed here require high relational, technical and psychological competencies and qualities. The extent of the practices implemented to recruit and retain the labour force is sufficient to convince us that services to private individuals do not spontaneously constitute a reserve of jobs in which those excluded from the labour market can find work. On the contrary, it is a sector with tough working conditions, which requires skills and qualifications.

As we noted in the previous paragraphs, an unemployed but ready workforce does not simply exist at a latent state. Areas of high unemployment do not necessarily generate a surplus of individuals competent and willing to engage in paid care work. It is not a sector into which a quantitatively important workforce could spontaneously or mechanically “flow”. However, the metaphoric images of relational work as a vast “reservoir of jobs” implicitly draw on this approach. One should nevertheless note that these competence requirements are maybe more important and vital, in the proper sense of the word, in care sectors than in other services sectors, like gardening, ironing, computer assistance, etc. We have not analysed this particular type of non-care work, and our conclusions are by necessity based on our field of research.
Nevertheless this paradox remains, that economies with high unemployment can tolerate the development of an extremely crucial sector on an under-employment basis. Moreover, the general assumption that this tier of the labour market is low-skilled is not supported by the evidence of high demands and requirements in terms of interpersonal competencies by the workers. The very problem may be that these competencies are not (yet) formalised as qualifications and recognised as such in collective bargaining.

In other countries like Spain where recruitment problems are not as acute, the fact is that the staff employed are generally overqualified, which raises other issues for the development of the sectors concerned. They could face a significant turnover if other opportunities are offered to these often young employees, even though currently the balance is to the advantage of the employers.

More generally, the turnover issue is a clear indication of the exhausting working conditions, and this has been observed in many case studies. A manager of elder care associations which employ people with work-related difficulties even advised such workers not to stay too long in the sector: “this sector will burn you out. You better think of leaving it one day”, says the manager of FRCS 5 to her employees. As a first step for excluded people, these jobs have real positive effects – provided that they are accompanied by tutorials, guidance, advice, support, etc.. They can contribute to enhancing their self-confidence, self-esteem, skills and competencies, but these positive effects risk eventually turning into negative effects due to the difficult conditions at work.

The different examples of inclusion policies nevertheless show that workers with difficulties can be given close attention and can turn into efficient workers. The care sector is accessible to them, but this requires a strong, continuing and costly public investment. This has many positive effects, at the individual level and at the collective level. On the one hand, excluded people are guided towards sectors where there is work, and individualised guidance can help them recover some capabilities. On the other hand, at a collective level, this contributes to reducing the social costs linked to their joblessness, and raises the employment rate. Obviously, instrumental and opportunistic goals are not absent in these policies, compelling job-seekers to work in relational services. In fact, it is possible to establish a theoretical opposition, in relation to such individualised policies, between capability-enhancing schemes, motivated by the wish to improve the actual situation of the people concerned, and opportunistic workfare schemes, mainly motivated by the wish to improve the figures and “make a good showing on the record as an end in itself”. The experiences entrusted with social inclusion and development of the workforce analysed here in France or in the UK seem to go in the first direction, which does not mean that the same can be said of all public policies and schemes in these two countries that are not included in our case studies.

One last important point is the regularisation of undeclared work. It is a method which has proven effective in the different countries in order to increase the workforce and the number of jobs, and also to improve working conditions. Workers must, however, compare the expected monetary returns in the informal economy with those in the formal, declared economy. This process of regularisation is certainly linked to the pursuit of social-market oriented approaches, which empower users and give them well-calibrated incentives to opt for declared care work.


In a word, the low pay makes resort to undeclared work very tempting. Given this, the main solution to the problems of recruiting workers would once again appear to be to make the sector more professional.

The next chapter will deal with innovations in the field of training and qualification and innovations related to the professionalisation of the workforce.
CHAPTER 8 TRAINING, QUALIFICATION AND NEW ACTIVITIES

Arising from the issue of the creation of new jobs and new professionals is the issue of training and qualification.

1. Training and qualification in RS: a theoretical perspective

From a theoretical perspective, for labour sociology (Erbes-Seguin, 1999), the notion of qualification refers to many things, among which: the social and technical division of labour in a society, power relationships, the joint evolution of techniques and of labour, etc. At a micro-level, this concept defines the relationships between an employee and his/her employer. In effect, the concept of qualification has served in many cases to analyse labour relations from a historical perspective, pinpointing the processes of (re)qualification of work due to the impact of technical progress and the evolution of labour organisation. However, the concept is quite fuzzy as it refers both to the qualification of the persons and the qualification of the jobs. On the one hand, individual qualification refers to the holding, by the workers, of certified or non-certified training, experience and expertise in a certain field. On the other, job qualification refers to the use by the workers of their knowledge and know-how in a precise work situation. A third dimension of qualification is its translation into a certain amount of pay.

A departure point for our research is the increasing discrepancy between these three dimensions: the qualification of the person, the qualification of the job, and pay as a result of power relationships and bargaining between employers and employees.

One can actually observe some “recomposition” of non-qualified or low-qualified jobs in the services sector, with an increasing discrepancy between what the workers are able to do, what their job effectively requires them to do, and their level of pay. In a context of massive unemployment, qualified workers tend more and more to occupy jobs that should require lower levels of qualification (which can be labelled “downgrading”). Moreover, it is easy to see that workers’ multi-skill qualities or aptitudes are not generally taken into account or considered in terms of their real value. Both these tendencies explain this discrepancy between individual qualities, job demands in terms of qualification, and wages (Gadrey N. et al., 2003: 7).

As the Dublin Foundation for the Improvement of Working Conditions wrote in its recent report on care work in Europe:

“a mismatch may exist between the sort of skills needed in providing good quality, compassionate care, and the formal qualifications required to perform such work. Qualifications specified by law may be very high, while the job may be unrewarding. A further consideration is that existing workers need on-the-job and mid-career training in order to keep us with fast-changing cultural circumstances and societal requirements – for example, regarding the rights of care recipients.” (Foundation, 2006: 7)

The authors of a recent French report on the issue agree:

“the degradation of working and pay conditions, the absence of recognition of individual competencies, in particular in service jobs, and the concentration of these jobs in sectors where professional relationships are not favourable to workers – all these factors
contribute to the collapse of the relation between competencies used in work, and the final remuneration.”

Based on these authors, one can start with a tough criticism of the widespread idea that the situation of unqualified workers could be represented in the following equations:

1. unqualified = low wages
2. unqualified = unskilled.

One the one hand, the first equation considers that, relatively speaking, the workers who would have been defined as unqualified – whatever the origin of this definition, whether it is because their work is not complex or because they do not hold high levels of training – are necessarily at the bottom of the pay hierarchy. On the other hand, the second equation fosters the idea that unqualified jobs could potentially be occupied by any person: this is the “substitutability” principle, often found in labour economics. This assumption is supported by the complementary idea that the corresponding activities are simple and repetitive, do not require either initiative or autonomy, or responsibility, and do not require any training or experience: this is the “absence of scarcity” principle.

Both these principles can be critically analysed in the light of our observations:

- on the one hand, it is not true that anyone can do relational services; in fact, workers are not substitutable because of the very nature of the service.
- On the other hand, it is not true that there is a large potential workforce that just needs to be “activated” to work in these services; on the contrary, this work demands personal competencies which – and this is the point – are certainly not recognised at their real worth today. Collective negotiation would focus on workers’ benefits if their collective representation were stronger than it is at the moment.

2. A tacit consensus in favour of professionalisation?

2.1. The idea of professionalisation

There has been a strong movement towards professionalisation of the care sector. This has already been pointed out above when evoking the development of the workforce. The term “professionalisation” can mean several things.

A first approach to the concept of professionalisation can refer to the marketisation and formalisation of voluntary employment. A major source of labour in care is, of course, informal labour, either domestic labour (by relatives or domestic workers) or the voluntary sector. When these workers enter formal and declared work, one can speak of professionalisation. We would argue, however, that the concept covers other fundamental elements in addition to this process of marketisation and normalisation. This process is nevertheless a powerful driving force behind the development of jobs in the sector. It also impacts on the definition of jobs and activities and on the nature of the service.

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88 Ibid., p. 9.
Take for instance the case of educational leisure in Spain, an example we will also develop below to illustrate another point. This case illustrates the thorough professionalisation of former voluntary work, thus far organised and provided by a parents’ association on an informal basis. These activities were able to function thanks to the informal “recruitment” and payment of young people, the payment being like pocket money for them. Things changed when these activities were governed in a new fashion and when organisations were put into competition with each other as providers. The sector now has to engage in tendering procedures and has to contract its activities with local authorities; this has led to relying on a declared workforce with formal labour contracts.

At the heart of the developments in the care sector lies this issue of “professionalisation”. In the different countries, workers become “professionals” for different reasons:

- the first case was illustrative of the public will to organise the sector through market-oriented instruments (public tenders, etc.), which necessarily result in the marketisation of voluntary work. This might result in an increase in the formal workforce and in the creation of new job opportunities for people. It is clearly a rationale in the Spanish educational leisure sector, even though one can criticise the working conditions in these newly-created jobs.

- Other cases could have been taken as further examples of “professionalisation as marketisation” in the domiciliary care work, for children or elderly people. Some policy instruments can promote this, such as vouchers financed by the State and dedicated to the direct employment of certified workers.

**Is professionalisation just a synonym for marketisation of voluntary and domestic work?** We argue that one should define additional elements which relate to the notion of “profession”. The point here is to consider the social recognition of the work that is done. It is traditional, in the “sociology of professions”, to define several criteria which allow one to discuss on-going processes of professionalisation, in addition to the transformation of undeclared work into declared work.

We shall define professionalisation according to three main criteria:

- The existence of **rules and diplomas guaranteed by the State or recognised and defined by national collective agreements**. These rules and diplomas define the conditions of access and entry to the profession; they regulate the activity and lay down some minimal levels of qualification for working in the professional sector.

- The existence of **representative professional bodies**. These bodies must be empowered to negotiate with social partners and public authorities on behalf of the professionals of the sector.

- The existence of a **specific professional identity**, based on a corpus of rules, norms and a professional code of ethics, all of them specific to the profession. This identity often results from oppositions with other professions: for instance, care workers have progressively defined their own specific territory and legitimacy vis-à-vis other professions, like that of nurses. These last criteria eventually boil down to the existence of social visibility and legitimacy.

In all cases, these are processes which are at stake, which means that the different criteria may be progressively achieved. This theoretical approach seems relevant to analyse the processes and claims by actors in sectors experiencing profound reforms, like care work. It emphasises the fact that the concept of professionalisation is a complex issue and above all a process which is not achieved for all occupations in relational services. **In addition to the idea of marketisation of work that was thus far voluntary, the move towards professionalisation raises questions about collective negotiation and public policies (like education and training policies).** In the different new activities explored
in these paragraphs, while there is agreement on these criteria, then it is clear that everyone experiences some degree of professionalisation, but nobody has really achieved the whole process.

2.2 A consensus in favour of professionalisation

Even if the content of professionalisation has not been fully defined and analysed by all the actors, there appears to be a broad consensus concerning the term.

In effect, professionalisation is an almost mechanical consequence of commoditisation. Competition leads operators to professionalise their service in order to attract users. This change is clear among the large majority of operators questioned. In Germany, for example, the public relations of a local foundation specialised in childcare is clearly geared to conquering new clients by emphasising quality and the wide range of services.

But despite this, the service is rarely standardised. Third sector actors, for example, put forward the notion of ethics, which also play a part in professionalisation (the professional code of ethics being, as we have seen, one of the key elements of a profession). But there is a move away from an ethic of dedication and voluntary work, which can be associated with a certain amateurism in terms of quality, towards a traditional, professional code of ethics.

Users/clients are themselves pushing for professionalisation. We did not question many users, but their demands appear in the discourse of service providers. Users/clients are only prepared to entrust their children or their elderly relatives to professionals of proven competence. They also demand a service that meets their needs – in terms of opening hours, diversification, etc. The professionalisation of service providers must therefore apply to every aspect of their profession: client contact and the way services are organised, designed and delivered.

Public authorities, which fund a large part of the service, are also gradually showing an interest in professionalisation. The Spanish example shows that because of contracting-out mechanisms, the public authorities are above all concerned with price. However, the French and German examples clearly indicate that once a service is firmly established, public authorities are, on the one hand, not prepared to pay everything regardless of quality and, on the other, tend to take the demand for quality into account. But, of course, the tension between the quality and price of the service remains constant.

Professionalisation can emanate from other sources, for instance regularisation of migrant workers. In Emilia Romagna case, the regularisation of migrants working as domestic workers was connected to a training programme on personal care.

Finally, the employees themselves and their representatives have an interest in professionalisation. Only through training and the attainment of certified skills can the profession gain recognition and thus be in a position to negotiate better working conditions and better pay. Here too, movement is neither linear nor free of contradictions. Some employees may prove to be more concerned with immediate gain and therefore prefer undeclared work or private contract work. This may give them the impression of saving on expenses and on the management costs of the service provider who acts as a kind of screen between the end user and themselves. But only a service provider is in a position to provide them with training and a certificate which, in the medium term, will enable them to improve their professional level. The French example of home carers for the elderly is an excellent example. A combination of individualised aid and tax breaks have brought about a significant reduction in work in the black economy: in the majority of cases it is to the client’s advantage to pay a declared worker. But tension remains between employing someone on a private basis (where the user of the service is also the employer) and employing someone working for a service provider (where the user pays for the service and
the employee is dependent on the service provider). The private option tends to be cheaper but only a service rendered via a service provider is able to:

- improve the quality;
- provide the user with guarantees and the employee with protection;
- offer employees training and development prospects.

The trade unions, which represent employees’ collective interests, are also naturally pushing for professionalisation. Traditionally, collective negotiations were based around qualifications and working conditions. Pay was negotiated later, according to established qualification scales. Professionalisation is therefore a collective negotiation tool. The problem identified in our case studies is that the trade unions are poorly established in the sector of services to private individuals. Only the large companies are unionised. Moreover, the third sector has its own particular trade union tradition. As the aim of the enterprises is non-profit, the trade unions find themselves in an atypical position where they feel as if the interests they are protecting are no different from those of the company management. Association chairpersons themselves have a social commitment. All of which can contribute to maintaining low levels of pay, albeit in good faith. The same problems can be found at branch negotiation level.

This trend towards professionalisation is not without its contradictions and difficulties. Employees are often encouraged to become professionalised but without their employer providing them with the means to do so: training may take place outside of working hours, sometimes at the employee’s expense or between two periods of employment. In some cases, employers recruit young people who are over-qualified but unemployed, which allows them to offer a high quality service without having to pay the appropriate wage (which often happens in Spain). Sometimes employees are placed in the position of having to “construct” their own job. An inexperienced young person may find himself working as the “project manager”, responsible for constructing a new service in which he will be the principal or only employee. This example, already noted in Emplois Jeunes en France (Youth Employment in France) (ORSEU 2001), is also found in case studies in Germany, France and Spain. Once again, it is the funding of professionalisation that is at issue.

Despite these tensions and contradictions, the long-term trend appears to be a drive towards professionalisation. There is a broad consensus among actors. One of the challenges in the near future is to render this tacit consensus explicit. Once all the actors are in a position to come together and set out the conditions for the implementation of professionalisation, the conditions required and the cost to be paid in order to achieve this, a true policy for the improvement of services to private individuals will be able to emerge at European level. This is obviously a policy recommendation on our part. Moreover, experience shows that an explicit consensus has more solidity in the long term than an implicit one which can be challenged at any time by actors who may, with supporting documents, claim that they had never made this commitment.

Which innovations existed, at the time of our research, with regard to this issue of qualification?

3. **Skills development**

Skills development is linked to the challenges identified above:
- making services to private individuals more professional;
- retaining staff;
- offering career opportunities.
We have observed two contradictory trends:

- first, a downward trend in qualifications in the most skilled jobs: the emergence on a massive scale of childcare services has led to the recruitment of teaching assistants in Italy and Germany where a few years ago only qualified childcare workers were to be found. These countries thus join the others where the growth in childcare services on a massive scale has already taken place, such as France where nursery school assistants have a professional lower-level diploma.

- Second, the raising of the level of qualifications in professions regarded as unskilled, such as home care services. At the same time, we have observed the emergence of new intermediate qualifications.

For the sake of simplicity, we will follow a cross-country analysis.

3.1 Innovations in qualifications and training courses

A number of national examples illustrate the general trends mentioned just above.

In Spain, in the sectors studied, not much innovation was identified in this area: the 0-3 infant education sector is still highly regulated in this respect and teacher or higher technician qualifications are still required, at least for the minimum staff required to comply with the ratios. However the new regulation in Galicia explicitly authorises the appointment of support staff with lower qualifications. In the educational leisure sector, entrance levels are quite low and there seems to be a trend there to use training as a way to attract mature women back into the labour market, as these form the more stable part of the labour force in these services.

Another trend, or rather a question, which has emerged from fieldwork, has been the question of the professionalisation of ‘new’ occupations – this being especially relevant in the educational leisure sector, where, in Catalonia the already mentioned new collective agreement has favoured the recognition of the occupation of educational leisure ‘monitor’ (educator). However we have already shown above that there may still be a discrepancy between the ‘professionalisation’ of educational leisure services, in the sense of their growing marketisation and standardisation, and a confused idea about the work of educators, marked by its origins in volunteerism and by the new discourses on employability and transitions. This discourse is often used to present these jobs as ‘opportunities’ to gain experience rather than as proper jobs.

In the childcare sector, Spain is once again an atypical example. The abundance of over-qualified labour means that we identified very few continuing vocational training efforts. However, the programme to create a huge number of crèche places in Catalonia may well change this radically in the near future.

Germany is a perfect illustration of the two trends mentioned above. On the one hand, the childcare sector is recruiting teaching assistants and staff who are much more diversified than in the past. On the other, the lifelong training process is taken very seriously indeed. Further training and qualification as well as life-long-learning concepts are becoming more and more important for human-resources development and are a prerequisite for supplying high quality childcare. Some companies have obtained ISO certification which obliges them to organise, among other things, continuing vocational training for their staff. In Hamburg, a network of nine kindergartens has devised a comprehensive training cycle consisting of six stages, leading to certification of the company and its staff. One of the original features of this process is that it involves the managers in a cross-cutting manner: each company appoints a referral agent responsible for liaising in relation to training in his own company and who acts as an external referral agent in another company in the network.
In France, recent changes in qualification regulation have occurred as far as domiciliary elder care services are concerned. In 2002, a sectoral agreement defined a new classification of levels of qualification, distinguishing seven jobs and the respective qualification entry point. The most important point is that the first step in the profession, namely the job of “aide ménagère” (housekeeper), does not require any certified qualification. This can be interpreted as supporting the assumption that anyone could do this work. This does not mean, however, that anyone will do, as mentioned above. There are criteria that still prevail and go beyond the qualification, in particular gender criteria (the fact of being a woman) or past domestic experience.

This new classification defines several levels, from this lower level up. Qualification requirements rise in inverse proportion to the capacity of the beneficiary to be independent or autonomous: the more incapable the elderly person is of doing ordinary everyday tasks, the more he/she will be classified as dependent and the higher the qualifications the care worker will have to have.

This recent agreement has contributed to defining new rules for a sector which has experienced many changes, and thus has proved highly relevant. However, the fact noted above that the first point of entry to the profession still does not require any qualification seems to perpetuate a vision relying on the “absence of scarcity” principle. This is not a positive sign in the process of professionalising the sector and upgrading care workers’ qualifications.

However, this can be contrasted with the discourses and practices of actors in the field who firmly share a common qualification orientation. The feeling that it is necessary to have a qualified workforce in order to raise the overall quality of the service is something widespread. This has a twofold cost: one the one hand, of course, at the level of wages, for they go up with the workers’ certified qualifications; on the other hand, at the level of the training fund-raising effort of the organisations.

The French system of professional qualification has innovated by enlarging the access to certification of vocational experience called VAE (“validation des acquis de l’expérience”). It is a right offered to all workers having at least three years’ experience in the same sector. Workers can ask to have their professional experience recognised in a certified qualification, which should help them to gain promotion. It is the worker who has to take the first steps, but this procedure is sometimes or often accompanied by the employer.

In the case of the elder care sector, many organisations have implemented internal procedures to help and encourage workers to undertake this qualification process. For instance, in our sample, FRCS 9 has helped 100 workers in 2004 to ask for this certification of vocational experience. This represents 14 % of their workforce. The workers were accompanied by the employer in this process; the organisation benefited from a public scheme dedicated to raising qualifications in sectors where training is not sufficiently developed.89 With this financing, the workers followed some continuing vocational training in a training centre, which eventually was certified by a level-V diploma for care workers specialised in working with elderly dependent people.

The right to VAE only benefits workers who already have three years’ experience in the sector. Because of high rates of turnover, certain workers do not have access to this right. Moreover, older workers appear to be more reluctant than younger ones to embark on such a process – maybe because of the risk of seeing one’s professional practice, often learned in non-professional contexts (as a mother caring for relatives in most cases), disputed by “experts”. However this category of workers should be a special target for training policies.

A last important point is that this right is more easily enforceable for workers in large organisations than in smaller ones (because of the former’s fund-raising capacity, and also

89 This scheme (EDDF or “Engagement de Développement de la Formation”) is funded by the State and the European Social Fund, plus local authorities in some cases.
because internal work organisation is disrupted less by the absence of the worker). Workers who work under the direct employment regime do not have the same access to this right as workers employed by service provider organisations. This makes a huge difference.

In addition to this formal and recognised training process, many organisations have launched other forms of non-vocational training, for instance collective sessions where workers learn from each other’s experience through free speech and discussion (discussion groups, “groupes de parole”). This process of experience-sharing is often relevant for debunking problems and helping workers confronted with complex cases. Moreover, this creates a collective atmosphere which is often appreciated by workers who are used to working in isolation. The problem with this tendency – which is not specific to France of course – is the risk that such sessions, however important they might be, tend to replace vocational training and access to certified qualification in the mind of workers and employers, a risk which is real. The two levels need to be clearly distinguished, even though they both tend to increase workers’ competencies and know-how, and eventually the quality of the service.

In the UK, the National Minimum Standards relating to elder care (domiciliary care and care homes for older people) specify that “newly-appointed care or support workers delivering personal care who do not already hold a relevant care qualification are required to demonstrate their competence and register for the relevant NVQ in care award (either level 2 or level 3) within the first six months of employment and complete the full award within three years” (quoted in Richardson et al 2004). The responsibility lies with the organisation that employs them rather than with the employees themselves. It is the organisation that is inspected and required to demonstrate that it is meeting national minimum standards. Employees have to undertake the training, but this is arranged and paid for, mainly through grants, by the organisation.

In the case of childcare, Early Years Development and Childcare Partnerships (EYDCPs) act as support networks for care workers and offer training courses, sometimes funded by the European Social Fund, sometimes by regional or local authorities. In this context, it will be important to find out about the adequacy of the training supply and access conditions.

All agencies have a staff development and training programme in place. Figures show that these regulations and initiatives have had a positive impact in terms of a general upward trend in certifications and levels. Things are changing and moving, the research indicates: workers in both domiciliary care and childcare received training regardless of their starting point in terms of education or skills, indeed basic skills, or Skills for Life as they are now called, formed part of the training offered (UKCS4, UKCS14 and UKCS16). Employers appeared willing to access training for older as well as younger workers, though some older workers resisted this process. They also seemed willing to arrange training for part-time workers.

Our case studies reveal a series of good practices in relation to childcare services and services to the elderly. The childcare private company “K.”, already presented above, has developed a continuing training programme for its staff (including courses that lead to diplomas) in order, essentially, to enhance the quality of its services. This important company (1,200 workers) has developed its own regional training centres. Each region has a learning centre. These were chosen on the basis of the most central location, size and best-equipped. All the learners from throughout the region travel to the learning centre for their taught sessions, travel costs being met by the company.

In Northumberland, a charity network has developed a complete training programme for its members in childcare professions. The original feature is not so much the content of the course as its design as a global, evolving programme that can cope with people excluded from the labour market.
3.2 Conclusion

Generally speaking, qualifications are not lacking; on the contrary, people are generally qualified and qualifications are well regulated by the state or other institutions. Because of downgrading, people may hold high levels of qualifications, but not necessarily in the field in which they are recruited.

In all countries, we witnessed a common awareness of the importance of qualifications, and a general upgrading in qualification. It remains a strongly regulated domain where the State keeps tight control, as do the social partners. The link with the educational system and the match between vocational training and employers’ needs should however be analysed further that has been done thus far.

Continuing training and life-long learning are also developing in the different care organisations in Europe which see the upgrading of their workforce as a thorough necessity in order to provide a quality service.

One issue which has been dealt with in the national reports and which is of great policy importance is access to training. Given the new qualification requirements, even for occupations so far held by unqualified people, access to training may act as a deterrent to job entry if it is not easy, adapted to the current workforce, and/or if it is not free. Generally speaking, access to training can be vital to be able to remain in one’s job. The egalitarian nature of the right to training should be analysed further. Similarly, the impact of individual training on one’s trajectory in relational services is an important topic for future research. Can continuing training help to combat individual problems like burn-out or exhaustion, and organisational issues like staff turnover?

These questions aside, access to training seems to depend on various factors which should be investigated further:

- the existence of a sufficient, adequate supply;
- the existence of funding for training;
- the capacity of employers to deal with training leave.

The professionalisation of relational services, through greater formalisation, the development of qualifications and increased training, may have advantages and disadvantages (Cancedda, 2001). As the European Foundation report (2006: 43) puts it: “Advantages include a higher profile and the recognition of caring as a career; greater encouragement to work in the sector; and better quality guarantees for service users. Disadvantages include possible restricted access to these posts, leading to less qualified workers continuing to work in the ‘undeclared sector’, as well as higher labour costs which could damage entrepreneurship and affect demand.”

For the domains under review, professionalisation can refer to a process where actors try to obtain the recognition of the existence of specific competencies and the necessity of a specific training. The fact is, however, that these services are constructed in reference to the domestic labour traditionally done by women at home. “The reference is the domestic labour which is performed for free in the intra-family relationship, distinct from any marketised relations. As a result, when a marketised relation is established with an external worker, this relation is first seen as an auxiliary to the family relationships”90. As the authors go on, it is then easy to understand why most of these jobs are accessible without any prior training, because women tend to do more or less the same tasks at home. This may also explain why insertion policies are present in this sector.

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In the French case, specific diploma exist in domiciliary care for elderly people. However, according to Clergeau and Dussuet, many organisation managers are reluctant to recruit only people with a diploma: this concerns primarily the younger women who apply to work in the sector (not to mention young men). This can be summed up by saying that competency seems to be based first on private knowledge, acquired from personal experience rather than formal training. This fact is common to all the countries, and represents one of the major, if not the most important, challenges for the development of a professional and quality supply of relational services in Europe. When not formalised in a recognised qualification, moreover, the transferability of such personal competencies to other jobs in the service sector seems impossible. This puts a serious limit on the quality of jobs.

4. Innovations in jobs and occupations

The final topic that was addressed by our research was innovations in occupations and the creation of new jobs. The development of relational services either contributes to redesigning certain occupations, or to creating other ones from the outset. It results in both cases in new occupations, for example multi-skilled or ‘hybrid’ occupations aimed at changing the occupational structure and ladder in a sector or integrating several sectors; or re-scaled front-office occupations corresponding to a change of conception of the service and relationships with ‘clients’ and/or to a division of tasks in order to decrease the need for expensive highly-qualified staff.

This is an area in which we had also highlighted the influence of managerialism, and sometimes quite strongly so, in the sense that the creation of new, lower-scaled occupations, can contribute to lowering the status and power of ‘professionals’. However, this section also shows that the rationales for the introduction of such roles, the content of these roles and the conditions of employment can be quite varied.

As a departure point, it is important to recall some reforms in the different countries that impact on the structuring of relational services. Traditionally, welfare services – in particular care work – have been provided by three spheres: the professional sphere, the domestic sphere and the sphere of voluntary work. These services have experienced many reform measures resulting in a new structuring as regards their provision. Generally speaking, the main change has been the massive growth in services, in a context of growing social needs. The market has taken over from the domestic sphere (outsourcing) and the public professional sphere (contracting-out to the independent sector in a context of constraint of public expenditure). Different reform measures can be identified, which have all had an impact on the structuring of the sector and, eventually, on the designing of jobs and occupations.

First, as discussed above, there has been a general professionalisation of relational services, including the marketisation and formalisation of voluntary work.

Second, inclusion and employment policies have had a considerable impact on “instrumentalising” the sector of relational services to some extent for the sake of job creation for the low-qualified.

Lastly, we have observed in our fieldwork different modes of internal reorganisation as a result of the local development of RS and managerial strategies. This category can include different examples of innovations in jobs, which follow different kinds of approaches that are sometimes contradictory:

- improving quality and lowering costs;
turning certain tasks into more specialised tasks in order to improve productivity, and enriching tasks so as to increase the professionalisation and the interest of the work.

The development of relational services has indeed resulted in **new human resources strategies** and the **redesign of work organisation**. It is only normal that in a booming sector, where employment is rising and organisations expanding in terms of size and volume of business, the internal organisation has undergone change. This has led to the redesign of former activities or the creation of new ones.

### 4.1 Splitting up of existing activities

First, former activities – that is, traditional activities in the care sector – have been redesigned in order to provide a more efficient service. The rationale for efficiency here is twofold: it is supported by a **cost rationale** and a **quality rationale**. In a growing sector, the labour factor can experience economies of scale and productivity gains. Some redesigning of the occupations can help achieve further economies, as will be illustrated below. But there is also a strong motivation to ensure a quality service and “visibility” by consumers. **Two different approaches** may support this motivation: **on the one hand, the division of labour into clearly distinguished tasks in order to define fields of expertise for workers; on the other hand, some degree of multi-skills is expected from other workers**. These two approaches are not incompatible, and actually work together at different levels in the organisation of labour. There is a need for both expertise and multi-skills.

We can illustrate the first approach, i.e. the division of traditional caring activities into separate tasks, in infant education in Spain and elder care in the UK.

In Spain, the job of “infant educator” seems to have been split into two main tasks, one in the “educational” sphere and the other one in the “care” sphere. As a result, the “educator” occupation has been redesigned into **two separate jobs**: in the educational sphere, teachers/educators; and in the care sphere, “support workers”. The latter constitute a newly-created professional category.

As stated above, this process is supported by the will to reorganise the internal organisation of labour, but cost motivations are also a major, if not the main, reason for redesign. **This new occupation of support staff** is less expensive for organisations because it is clearly separated from educational skills (which are costly and require specific qualifications). Moreover, support staff contribute to enhancing the overall quality of service as they relieve educators (who can concentrate on educational tasks only). This point can be a commercial argument.

To sum up, the aim is to split up former complex tasks into several different jobs. In Spain, therefore, but also in Germany, for instance, the former job of nursery school teacher has been split into a purely educational job and a job limited to the “care” aspect, which is not so skilled. The same phenomenon can be seen in the United Kingdom and France in services to elderly persons (separation of nursing and “care” tasks). In other examples, it is the administrative tasks that are separated. The aim of such changes is to cut costs without reducing the quality. As lower skilled jobs are generally remunerated at between 20% and 40% less than those of highly skilled professionals, it can be seen that the cost of running a structure can thus be cut by over 10%.
4.2 Enriching simple tasks

On the other hand, tasks that are too simple have the disadvantage of not being very attractive and not offering any career prospects (difficulty in attracting and ensuring the loyalty of the work force). The most remarkable example of the enriching of tasks is that of “generic workers” in the United Kingdom. The idea is to retrain the people whose basic work involves cleaning, washing elderly people and preparing their meals in their homes. While continuing to carry out these basic tasks, the “generic worker” or “key worker” obtains basic qualifications in a series of other fields. A manager of a company providing services to the elderly describes the job of these “generic workers”:

“A key worker would know you very well – will notice changes in condition, but won’t diagnose. Their role would be monitoring and maintenance. If a key worker knows them they may be able to refer them or persuade them to go to the appropriate professional”.

The key worker will thus learn to identify things that are going wrong or cases where the physiotherapist or doctor – or plumber – must be called.

In France, a similar process is that of the State auxiliary social worker’s diploma (DEAVS). To obtain this diploma, trainees must follow approximately 900 hours of training, comprising 500 hours of theory and 400 hours of practice. The DEAVS consists of courses in hygiene, pathologies, etc., which correspond quite closely to the qualification of “generic worker”. In practice, a number of holders of DEAVS diplomas do the same kinds of jobs as “generic workers”. However we consider that the job is less “professionalised” (in the sense of the institutionalisation of a profession) in France than in the United Kingdom.

We feel that one point is of particular importance: the role of “generic workers” contributes to the well-being of the elderly, and also prevents them from being hospitalised. In the United Kingdom, generic workers are, like hospital care, paid by public authorities. In France, home care services are paid from the departmental or regional budget, while hospital care is covered by the health insurance budget. The importance accorded to this work in the United Kingdom thus becomes very clear: the investment by the NHS is reflected almost immediately in gains in terms of quality and cost-cutting. In France, the investment is paid for by the local authorities (départements) and is reflected in gains in quality, but also in savings which benefit the national hospital care budget.

It is therefore important to adopt a global approach to quality and costs, and to devise good practices which place all the actors in a win-win situation. Here, too, compromises should be explicit, even between actors in the public domain.

4.3 New “intermediate” jobs

Also of interest is the creation of new activities not from the breaking-down of traditional jobs, but as a result of new organisational needs and the local development of RS. The importance of the territory has been noted several times. We have seen in the section on innovative trends in delivery that most companies have chosen a network and territorial organisation, with several entities located on relevant territories. This organisation is designed as a way of being present where needs exist, and to allow users to find a rapid answer to these needs.

There were very few executives in the association sector. Associations often operated with a team of voluntary managers, a handful of administrative executives and a lot of operational staff. Part of the managerial tasks were also carried out by voluntary workers.
The professionalisation of services to private individuals is resulting in a decline in the role of voluntary workers and the creation of a series of intermediate posts between managerial and operational staff.

- Staff coordination and responsibility for a territorial sector
  
  In France the function of **staff coordination** has massively and rapidly developed. It is labelled “*responsable de secteur*” (which could be translated as “Sector Head”), the "sector" being the territorial unit. In the 2002 collective agreement, this white-collar function was for the first time classified as such, with a corresponding III-level qualification requirement. This coordinating function is crucial for provision at a local level; moreover, it also shows that this job represents a possible promotion for care workers. To illustrate, one can take the example of FRCS 2, an association which manages 900 employees in the city of Lille. It has divided the territory into ten sectors. In each sector, a Sector Head:

  - manages contacts with the elderly person (or his or her children), proposes an assistance plan, provides feedback to doctors, social workers, etc.;
  - manages the timetables of employees and coordinates their work.

  The Sector Head thus plays a dual role: relations with users/clients and supervision of the association staff. As the heads are often former home care workers, this provides a career opportunity for employees in the sector.

- Quality officers
  
  ISO certification procedures force service providers to create jobs directly related to quality. But service providers who do not try to obtain such certification have also developed a quality approach. In Germany, a network of childcare providers has developed a label (Blauer Elefant) for integrated childcare and family services. This is an internal network label, but it appears to involve a very high level of quality.

- Training officers
  
  There are two levels:

  - Within companies providing services, the aim is a traditional process of professionalisation in which the company grows and becomes more professional. The establishment of an internal training department is a normal stage in this process of professionalisation.
  - In ad hoc structures. As we saw above, service providers establish structures to provide "services to companies", one of these services being training.

  It is important at this stage to realise that many jobs have emerged recently. This is a normal process in a sector which is becoming more professional and is seeking to increase its quality and productivity. These intermediate jobs constitute a career opportunity for some people who are providing services directly to clients. They are also a sign that organisations providing services to private individuals clearly emerge from a model based on low levels of qualification.
4.4 Employment and inclusion policies

In the different countries, as already said, employment and inclusion policies have had considerable effects on the quantitative development of jobs. They have also had a huge effect on the creation and institutionalisation of new activities.

These jobs supported by inclusion policies can either consist of "generalist" tasks or of "specialised" tasks.

On the one hand, people in inclusion schemes can be oriented towards specialised tasks resulting from the processes mentioned above, that is the division and redesign of traditional activities into split tasks. This is for instance the case of lunchtime services at school in Spain. This sector has experienced similar changes to the ones seen above, in the sense of the breaking down of the traditional occupation of school cooks and assistants (directly employed by schools). Under the effect of governance reforms, lunchtime services are now provided by catering companies and voluntary organisations. Catering companies provide the food, while voluntary associations (like parents’ federations) provide the educational services. These latter services have been redefined and are now regulated by new certificates. This is where inclusion policies intervene, as these so-called “lunchtime educators” are mainly jobs dedicated to inclusion policy beneficiaries. These jobs are designed as “transitional opportunities”, which means that they are represented as first jobs offering a good start new for newcomers or returners to the labour market, though they cannot be seen as being good jobs in themselves. Unemployed persons, for instance, can be given a new opportunity with these jobs, after some training courses.

On the other hand, the opposite might occur, with new integrated occupations and qualifications being created (where the approach so far was to break down a single activity into new differentiated and specialised ones). Some changes emerge from the workforce redesign, but the approach is still that of offering a new start to people with work-related difficulties.
The tendency is not towards specialisation but towards concentration and multi-skills. Despite these multi-skills, however, the paradox is that these jobs are regarded as low-qualified and meant for people in difficulty.

The creation of new “integrated” activities because of employment and inclusion policies targeting hard-to-place people is summarised in the following graph, taking as a general example homecare for the elderly.

Another example, which is not however located in the care sector, is that of mediation activities in France (a case with many similarities with what happened in Italy for the same sector). This job was invented very recently, and hence it is a very clear case of a “new” job. We have observed some innovative trends for this job, which emerge from the necessity for it to find its own position in social work in general, and to have its own legitimacy.

Workers are generalists of “urban” and “social” problems, but they are neither educators nor social workers or policemen. They have to invent their own legitimacy and territory at the interface with these other jobs. For these reasons they are necessarily multi-skilled and plural: they must have relational competencies and “socio-educational” ones as well when dealing with children; they must be able to work in different contexts (public transport, a school, in the streets, etc.). The public “Emplois Jeunes” scheme which has given birth to these new jobs has targeted young people in difficulty to work as mediators. At the beginning it was obvious that there was some lack of preparation and definition of their actual tasks. However, local organisations have gradually contributed to perpetuating these jobs and to helping them to gain legitimacy and social recognition. Today, it is still young people with low qualifications who are employed as social mediators, and the sector does not have a very good public image. When looking at specific practices, one can nevertheless see local innovations capable of professionalising these workers and of sustaining a new sphere of social work.

Rather than staying “generalists”, social mediators sometimes specialise in specific projects which might provide them with access to continuing training and to specific diplomas. Some organisations have for instance developed projects for the specialisation of some mediators.
in educational issues and missions. FRCS 16 has signed an agreement with the municipal authorities of Lille in order to be in charge of “socio-educational” mediation in schools located in sensitive urban areas. The mediators are specifically trained for this mission and this leads to a IV-level diploma. Their precise status is “Educational Network Correspondents”, and their mission is to promote teenagers’ citizenship, autonomy and responsibility. They launch individual and collective projects regarding diverse societal issues, for instance the creation of a satirical journal dedicated to the social difficulties of young people in these deprived areas, or a project aiming at enhancing young people’s sense of responsibility through learning the Highway Code, or more socio-cultural projects. One can see that these mediators try to situate themselves between the educational staff (teachers) and the social workers outside the school. For the usual school staff, these mediators provide a lot of help at the interface between them and the pupils, and their functions are not fixed once and for all, but are flexible and apt to evolve according to needs. The mediators have a great listening capacity, which is much appreciated by the young people.

A second innovation aiming at developing the position and legitimacy of these new jobs of mediators has been observed in the same organisation. FRCS 16 created a sector of activity in 2002 especially dedicated to the transportation of disabled people between their home and their workplace. This represents a considerable evolution in the work of mediator, regarding its usual conception. Ten mediators offer this service, which on average concerns almost 170 persons each day. The transport is either collective or individual. The service is of course not limited to this material function, but includes listening, help and care. This constitutes the added value of the service and distinguishes it from a traditional transport service.

Observable in the two contexts (lunchtime educators in Spain; social mediators in France) is the approach of a “new start” given to people with inclusion-related difficulties. It is implicitly or explicitly thought that these services jobs, though not characterised by good working conditions (in particular low wages), represent just one step or a “transition” in the professional careers of people. The approach of a new start considers – with some justification – that being in employment offers individuals a greater possibility of career advancement, to find a new job if they want to, to create a professional network, etc. Beyond this “possibility” approach, it is thought that being in employment offers new skills to people, and that above all it helps to eliminate the disastrous effects (on one’s skills, self-confidence, motivation, social contacts, etc.) that a prolonged unemployment situation creates91.

What our observations emphasise is not new, and has already been pinpointed in this report: the idea that these specific jobs created for people in difficulty may restrict workers to a specific sector with little possibility of development rather than giving them extended work opportunities. They have positive effects on people’s skills and self-confidence in some cases, as the literature shows, but this is often counterbalanced by precariousness and even fear (in particular when these jobs form part of restrictive welfare programmes which oblige people to accept any job offer or lose their rights to welfare)92.

In France, the possibilities for social mediators outside social mediation are also very uncertain. Young people can evolve towards occupations with more responsibilities inside organisations, but it tends to be difficult to move to a different sector. Some social mediators really benefit from the internal policies implemented in some organisations, like the one we mentioned above: they upgrade themselves through continuing training and


progressive specialisation, but there considerable barriers to professional development remain, for instance as regards education. There are still corporatist interests that make it very difficult for social mediators to become educators or teachers through career advancement unless they pass examinations like other people who would not have the same professional experience.

5. Conclusion

This last chapter looks in detail at innovations with regard to training, skills development and qualification, and the creation of new professional activities in the field of relational services.

As far as training, skills and qualification are concerned, two contradictory trends have been noticed:

- on the one hand, a downward trend in qualifications in the most skilled jobs. We have seen that the emergence on a massive scale of childcare services has led to the recruitment of teaching assistants in Italy and Germany where a few years ago only qualified childcare workers were to be found. These countries thus join the others where the growth in childcare services on a massive scale has already taken place, such as France where nursery school assistants have a professional lower level diploma.

- On the other hand, the raising of the level of qualifications in professions regarded as unskilled, such as home care services. At the same time, we have observed the emergence of new intermediate qualifications.

These contradictory evolutions are not easy to analyse. The sector of relational services is very pluralist and cannot longer be considered a sector for “low-qualified” workers as many skills are required to be a competent professional. The fact is that there is still a feeling that anyone could do RS work, which has inspired many “insertion” policies or “transitional” approaches for young people. However, workers are not substitutable because of the very nature of the service. The issue is in fact the match between the personal skills required and the formal qualifications that exist. All of these contradictions and problems fundamentally lie in the fact these services are constructed in reference to the domestic labour traditionally done by women at home. Some examples show that some professionalisation is occurring, if the notion of “professionalisation” is taken as referring to a process where actors try to obtain the recognition of the existence of specific competencies and the need for specific training. Professionalisation can mean the delimitation of a professional’s own territory, where he/she has the legitimate authority to do a task. A RS worker does not come within the same domain as what someone does at home for his/her relatives.

A better recognition of the social, emotional and technical skills required to do relational jobs is hence a necessity to improve working conditions, in particular wages, and the attractiveness of the sector. As we already stated, it is not true that there is a large potential workforce that just needs to be “activated” to work in these services; on the contrary, this work demands personal competencies which – and this is the point – are certainly not recognised at their real worth today. Collective negotiation would focus on workers’ benefits if their collective representation were stronger than it is at the moment.

The final topic that was addressed in this chapter was innovations in occupations and the creation of new jobs. The development of relational services either contributes to redesigning certain occupations, or to creating other ones from the outset. It results in both cases in new occupations, for example multi-skilled or ‘hybrid’ occupations aimed at changing the occupational structure and ladder in a sector or at integrating several sectors; or re-scaled front-office occupations corresponding to a change of conception of the service
and relationships with ‘clients’ and/or to a division of tasks in order to decrease the need for expensive highly qualified staff. These new activities are often created as a result of internal reorganisation, which itself is a result of the local development of RS and managerial strategies. The aims are in effect, as we have seen, to modify the organisation in order to improve quality, lower costs, increase productivity, etc. In many cases the goal is also to enrich tasks to increase the interest of the work or to offer career opportunities. The sustainability of these new, sometimes experimental, activities is nevertheless often questionable. Such inventive processes of creation of new activities could be satisfying provided the workers had a bigger collective representation and more influence.
CONCLUSION AND RECOMMENDATIONS

1. Relational services are expanding rapidly

Observation
Services to private individuals constitute a rapidly developing sector whose expansion is structural. Our research focused in particular on services to children and to the elderly and on social mediation. These three sectors, which form part of social services to individuals, will probably grow at a pace that is at least as fast as that of other services to private individuals. Needs are in fact far from satisfied and the development of these services:

- constitutes an essential condition for equal opportunities for men and women on the labour market;
- forms part of a new paradigm of social protection and hence contributes to reforming social welfare models. They may thus constitute a factor of convergence towards a European model of social protection.

The “social market” mechanism is the main method chosen by the countries studied to ensure the provision of childcare services and services to the elderly.

A common challenge, maybe the main one, is the prevailing tension, documented in this study, between a sustainable demand for more, higher quality care and the reluctance of society to pay adequately for social services. The resulting deficit is increasingly borne by the workforce.

Policy recommendations
The European Institutions should analyse in depth the functioning of the social markets. Employment and social security policies could take into account the consequences which the functioning of social markets ensuring the supply of services to private individuals has on:

- equal access by citizens to social services of general interest;
- the quality of the jobs created.

2. Unreliable statistical sources

Observation
Statistical sources are not very harmonised and are not reliable. Yet monitoring services to private individuals requires first and foremost knowledge of precise, comparable data.

Policy recommendations
Devise a suitable, comparable statistical framework at European level.
3. Establish a consensus on the position of services to private individuals

Observation
The development of services to private individuals is the subject of a tacit societal consensus. Yet this development is taking place without any explicit consensus between political actors and civil society about the position of these services in social protection models, about the role of service jobs on the labour market, about cost/quality ratios, etc.

Policy recommendation
The European Union should take initiatives in the context of the EES in order to give impetus to a debate involving the public authorities and all the actors in organised civil society. This debate should aim to negotiate an explicit compromise to promote the development of quality services to private individuals and to guarantee decent quality jobs to employees in the sector. The European Economic and Social Committee could play a decisive role in this respect.

4. Negotiating explicit compromises on professionalisation and working conditions

Observation
The professionalisation of services to private individuals is a direct consequence of their development in social markets and public procurement. This professionalisation appears to be the subject of a tacit consensus between the actors in the sector. However, it is being introduced under pressure from market forces, without the formulation and negotiation of the content of professions, levels of qualification, working and pay conditions, etc.

Moreover, services to private individuals are largely defined at local level, at a kind of subsidiary level: the European Union may define the general framework, while the Member States generally provide the financing, and the local levels (regions to municipal level) organise the services in line with local needs. The quality of the services, like the quality of the jobs, depends largely on local conditions.

Policy recommendation
The European Union could draw up an employment guideline encouraging Member States to embark on a tripartite social dialogue (employers, employees and public authorities) at every level (from European to local level) in order to draw up collective agreements and codes of good practice for tendering procedures.

The European Union and above all the Member States could promote the professional structuring of the sector by:

- encouraging employers to join national and European employers’ federations;

- promoting the unionisation of these professions.
5. Ruling out the prospect of creating a low-pay sector

**Observation**
Services to private individuals are often regarded as a very low-skilled sector capable of absorbing a massive number of unemployed persons. Reduction of labour costs therefore appears to some people to be a necessary condition for development. Our research confirms, however, that these jobs often require average or high qualifications. Improving qualifications is, moreover, a condition for improving the quality of these jobs.

**Policy recommendation**
Develop communication at European and national levels to enhance the image of services to private individuals, highlight good practices and convince people that this sector can create quality jobs.

The European Union could thus promote contacts between the actors (service providers, employees and local authorities) involved in services to private individuals. This measure complements that mentioned under point III and could also involve promoting the establishment of cross-border cooperation.

6. Expanding and retaining the workforce

**Observation**
Providers of services to private individuals point out that it is difficult to attract and retain employees once the employment situation in the country improves. This induces them to undertake a number of measures to recruit and retain their employees.

**Policy recommendations**
The European Union and Member States should support the initiatives taken by actors in this respect. For instance:

- support training measures, including in the context of European projects;
- support activities aimed at providing services to providers of services to private individuals (recruitment, management aid, etc.);
- encourage innovations in jobs (enrichment of tasks, creation of new, more skilled jobs).

7. A sector in the process of construction

At the end of the introductory chapter, we asked whether "the sector of relational services was not still in the process of being constructed?"

It is not a question of offending the many public sector actors, for-profit and not-for-profit enterprises as well as all the employees trying to develop this sector. However, it is clear that this sector does not enjoy the visibility of other economic sectors, even though its role in employment and well-being is essential.
These services cannot be relocated, they are provided in the immediate proximity of the place of residence of the clients, and they are subject to local regulation. At first sight, one can believe that they constitute a local matter without any European dimension.

Yet we have seen that these services:

- are contributing to the development of a new welfare state model, the main components of which, however, do not appear to have been sufficiently debated publicly. This new model is largely shared by the five countries studied;

- require the formulation of explicit compromises, from European level down to the most local level.

European action to promote services to private individuals therefore appears to provide real added value.
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