Thematic review on personal and household services

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Thematic review on personal and household services
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Introduction

In the European Union, personal and household services represent an important sector in terms of employment. In 2014, according to Eurostat figures, there were more than 5 million workers employed in ‘social work activities without accommodation’ in the EU-28 (NACE 88, i.e. excluding residential care activities). According to the same data, there were also almost 2.3 million workers recruited to perform domestic tasks (NACE 97: Households as employer of domestic personnel). In total, this represents around 7.3 million workers in this field. These data need to be taken with caution as personal and household services may encompass activities that are classified in different NACE sectors. The definition of ‘personal and household services’ may also differ from one country to another and there is no common definition of the sector.

We will here resort to the definition used by the European Commission in its 2012 Staff working document on personal and household services: ‘personal and household services’ (PHS) cover a broad range of activities that contribute to well-being at home of families and individuals: child care (CC), long term care (LTC) for the elderly and for persons with disabilities, cleaning, remedial classes, home repairs, gardening, ICT support, etc. This definition embraces both care activities and non-care activities. This approach is in line with the definition used by the European Foundation for the Improvement of Living and Working Conditions in its 2001 report on ‘employment in household services’, which were defined as: ‘all those services provided by public or private organisations, or by the third sector, which substitute paid work (in the form of a job or self-employment) for work which was formerly performed unwaged within the household. Therefore, all services provided inside and outside the home of the user are included, as long as they maintain and support members of a private household.’ These different approaches converge in regrouping in a single encompassing category of ‘personal and household services’ (PHS) a series of services provided at the beneficiaries’ home, either care services or comfort services; these services are provided by a third actor and they participate to the well-being of persons.

We will present national definitions and approaches that are used in six European countries (Belgium, Finland, France, Germany, Italy, the Netherlands) in section 1 of this review.

From a statistical point of view, we will consider that the PHS sector regroups both the categories mentioned above, that is, ‘social work without accommodation’ and ‘households as employer of domestic personnel’. From 2008 to 2014, employment in social work without accommodation has experienced an increase of 12 % at the EU-28 level while total employment decreased by 3 %. In the meantime, direct employment by households of domestic personnel decreased by 5 %. This drop in employment in this latter category is of approximately the same value as that in sectors such as wholesale and retail trade, hotels and restaurants or transport services. By comparison, manufacturing lost 12 % of jobs and construction more than 21 % over the same period.

In its 2014 European Jobs Monitor edition, Eurofound calculated that the two branches of the PHS sector have created an important number of jobs between 2011 and 2013: 81 192 additional personal care workers and 74 518 personal service workers. As a consequence, with more than 155 000 new jobs, the PHS sector is the second fastest growing employment sector behind ICT. This is particularly encouraging knowing that for the same period, ‘employment levels in the EU-28 declined by around 1.3 million’. Housework activities seem to have been hit by the economic crisis as much as all other sectors, while social work activities have experienced an important increase which seems to be partly disconnected from economic trends. We can see from these statistical elements that the sector remains a dynamic sector. Many drivers are often mentioned to emphasise the strong potential of the PHS sector, as a whole, in terms of job creation for the future years or decades. All European countries are confronted with the ageing of their population and the development of personal services provided at the recipients’ home is key to ensure older people decent living conditions and appropriate care for older workers. The increase in the female employment rate and the transformations of family structure are other drivers supporting the expansion of personal and household services. The increase in female activity rates is a driver for outsourcing several housework tasks and creates a demand for these services. In most countries, women still have the highest share of the ‘housework’ burden on their shoulders, because of an unequal division of work at home. The increase in the activity rate of persons aged 60 or over is also a driver for needs in personal services, in particular in the field of work-life balance. The longer people stay in activity, the more external

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1 European Commission, Staff Working Document on exploiting the employment potential of the personal and household services, SWD (2012) 95 final.
3 On this, see Farvaque (2013).
services they might need for their home. This driver can be linked with two others: on one hand, an increase in incomes with age, that makes these services more affordable; and on the other hand, a decrease in physical capacity to perform these tasks by oneself. Other structural factors supporting the demand that can be mentioned are the high share of single person households and the increase of single-parent families. The increasing share of bi-active households (i.e. in which both members work) can also be considered a major indicator of new social needs within households. The proportion of bi-active households represents 42 % of households and has been growing over the last years at EU level. Changing attitudes towards the division of labour or the wish for more free time are also other sociological factors (Cancedda, 2001).

If the importance of these new emerging social — and unsatisfied — needs is today well documented, the fact is that they do not convert instantaneously into an effective demand. At the individual level, many barriers still exist explaining why households, although facing these needs, do not decide to externalise to service providers some of the tasks they perform themselves. From a microeconomic perspective, prices and incomes of course play a central role here. ‘Domestic services are very price sensitive because they must compete with self-provisioning which has no financial cost’, Jan Windebank writes (2010: 390). This comparison between internalisation at no market cost (though with other costs attached) and outsourcing on the market is of course central to household behavioural strategies. Household incomes are also central. According to estimates on French data, the income elasticity of purchasing domestic services is very high, meaning that the more household income increases, the more households have the capacity (and will) to purchase these services. This is true up to a certain age, After 60 years of age, income is not that central, as public support to the demand may replace the household’s private capacity to pay. Care services, for dependent persons with social needs, cannot thus be analysed on the same level as comfort services. The latter are very sensitive to the purchasing power of households while care services follow a logic of needs, distinct from economic motives. Beyond these microeconomic factors, other societal barriers may appear, which relate for instance to the social acceptance of undeclared labour. This is linked with the relative price of undeclared labour compared to declared services, but also with social norms and current practices. This observation is the so-called ‘identifiable victim effect’: it states that since no victim can be seen, informal employment is generally not seen as crime. In a context of crisis when the purchasing power of people may be reduced, all these different factors may converge and encourage the development of a grey market for personal services.

In sum, while there are many drivers of development in the field of personal services, much is required to transform the significant potential needs into effective demand. At the Member State level, in recent years, many public policies have been designed and implemented to support this development and to achieve different goals related to job creation, reduction of undeclared work and expansion of conciliation opportunities. From a demand-side perspective, some of these policies have acted upon the relative cost of these services, making them more affordable for people. These policies have also intervened on the supply side, that is, on the market structure, through several tools like new regulation on employment (in particular through specific statuses for employees), simplification of procedures (e.g. through vouchers), improvement of quality standards or fostering the emergence of a supply side (in particular through immigration policies). These policies undertaken in the six countries reviewed here are analysed and commented in section 2 of this report.

The European Commission has insisted on the importance of supporting the development of this sector through appropriate policies. From the point of view of employment policy, these services have a low import content which implies a low import loss in case of public intervention and also a high employment content implying a potentially important effect on job creation.⁶ Other interesting characteristics in terms of employment policy are the low productivity in some of the tasks involved and the high prevalence of undeclared work, making that public intervention is not likely to trigger a shift of employment from other sectors.⁷ The Commission rationale for supporting public policies in PHS therefore puts the focus on the manifold expected advantages in terms of job creation potential for low-skilled workers. This potential of job creation can be combined with a low cost for public finance.⁸ Additional research is ongoing to measure this cost-effectiveness and expand on the assumption that public expenses are partly paid back via direct or indirect external effects.⁹

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⁶ EC, Staff working document 2012
⁷ Id.
⁸ Id.
⁹ Id.

See for instance the IMPACT project (http://www.efsi-europe.eu/fr/european-project-impact/). Some comparison elements, drawn from national assessments, are developed in Farvaque (2013), which shows that this earn-back effect is a reality, but also warns on the methodological difficulties in doing this type of analysis.
The goal of this Review is to analyse further this potential for job creation in PHS in light of national experience and initiatives led in six European countries, representing different policy approaches (Belgium, Finland, France, Germany, Italy and the Netherlands). One of the central issues dealt with in this report is to put the focus on workers in PHS, that is, to question their current and future employability in the sector. This will be the focus of section 3. The development of PHS passes through the development of skills, competencies and qualification of employees. The sector is very intensive in labour and given the strong relational, but also technical, component of the activity, investing in people is obviously central as part of a comprehensive development policy. Quality of employment is key when thinking about the quality of services. What lessons can be drawn from the six countries reviewed here?

In answering this question, this Review will have to consider a certain number of paradoxes. The promotion of job quality is recognised by all actors – public institutions, social partners, scholars, etc. – as central to the quantitative and qualitative development of PHS, yet while this observation has been repeated several times in recent years (and even back in the 1990s) by different actors (social partners, government representatives, scholars, not to mention workers themselves), the effective results in terms of the improvement of working conditions have been rather scarce. The promotion of skills and qualifications is seen as a way to improve job quality and service quality, yet many barriers still exist (both economic, or budgetary, and social) that may limit these initiatives. In this light, what EU action looks feasible to answer these challenges? The review will elaborate a series of propositions and recommendations in a conclusive section 4.
1. PHS: national approaches in six countries

1.1. Presentation of the ‘PHS’ sector

The six countries were purposely chosen because of the existence of national arrangements and policies in support of the personal and household sector. The situation in these countries is thus quite different from that in the rest of the EU-28 where most of the countries have not adopted any specific supportive framework for this sector. Yet, in these six countries, the definition and scope of personal and household services are different.

In several countries like France, Belgium, Finland or Germany, PHS have been defined through a list of activities giving advantages to the consumers.

**France** has been a pilot in the creation and promotion of such a sector. The terminology used, since 2005, is that of ‘personal services’ (*services à la personne*), which include a series of in-home services dedicated to individual persons. In 2005, the sector is given a legal definition, through the elaboration of a list of such personal services (decree 29 December 2005). It was necessary to define such a list in order to indicate which services opened access to public support for consumers, mainly in the form of tax reduction. Today around 20 activities corresponding to services in the field of childcare, care to the older people, the disabled persons or persons needing a personalised help at their home or outside (e.g., mobility help), and in the field of housework and family assistance, are concerned. As far as housework and family assistance is concerned, authorised activities range from private lessons to IT support, and also include cleaning, gardening, meal delivery, handyman tasks, etc. Vouchers can be used to purchase these different services.

In **Belgium**, since 2004, the main system for providing community care services has been the service voucher system (*titres-services* or *dienstleistungs-schecks*). An initial version, launched in 2001, focused particularly on childcare and home help for the elderly, sick or disabled but numerous changes have since been made to arrive at the current system. The voucher system now focuses on housework activities (‘aide de nature ménagère’: cleaning, ironing, preparation of meals), as well as activities done outside the home such as shopping or transportation support and accommodation for mobility. At the difference of France which has chosen a very encompassing definition including care and non-care services, Belgium has limited the scope of this tool to housework activities. However, nothing prevents a dependent person from purchasing the services mentioned above (for instance cleaning the house) under the voucher system, when this complements another type of care support. Alongside this service voucher system, community care services are provided by local authorities or the private market and they depend on another financing system.

In **Finland** like in Belgium or France, the definition of PHS corresponds to a list of activities which are entitled to a tax deduction for household work (*koititalousvähennyksen*). The scheme was created in 1997 and is still active today. The tax credit can be granted against paid costs for housework (cleaning), childcare and also for repair work in the home or at a leisure house, and IT services since 2009. Alongside these tax incentives, Finland relies on an important public sector providing home care services. They are coordinated by local authorities and are provided after a service needs assessment, and are not linked to fiscal advantages.

In **Germany**, although there is no legal definition of the personal and household sector, the term has been defined quite concretely in tax-related law. The broad term ‘*Haushaltsnahe Beschäftigungsverhältnisse*’ (household-related employment) is not statutorily defined, however, it is used in a fiscal context. A job in the ‘household-related services’ sector is indeed a job that concerns such activities as preparation of meals in the household, cleaning of the home of the consumer, garden care, and care and supervision of children and sick, old, or dependent persons.

By comparison, in **Italy** and the **Netherlands**, the approach towards PHS does not relate as such to the possible entitlement to fiscal advantages. In the **Dutch** context, services might be provided by people with diverse employment statuses: employees working for care providers (organisations), self-employed, friends or family. Due to the wide range of activities these services are not seen as a coherent economic sector in the Netherlands, and thus there is no general legal definition for it. PHS correspond to several sectors: a publicly funded home-care service sector, a privately funded service provision at home, and also a childcare sector. The private housework sector is based on specific regulations on occasional work that will be described below in this Review.

In **Italy**, the approach towards PHS is also based on the existence of a specific regulation for occasional housework employees. In 2003, the Legislative Decree No. 276 of 2003 (the so-called ‘Biagi law’) introduced service vouchers as a new statutorily recognised form of employment to be used, in particular circumstances, to hire specific groups of workers for a limited range of activities. This law stated that ‘occasional domestic work only covers
services provided in an occasional and discontinuous way to meet [the users’] family needs that are related to family care and house work and which are accessory'. In order to avoid potential overlaps with publicly funded and organised old-age care and child care, such care services were excluded from the voucher scheme and were formally addressed within public old-age care and childcare provision measures.

These six countries illustrate the fact that it is hard to speak of a unified ‘PHS sector’: these countries rely on different approaches and the observation is also the same when considering a broader range of European countries (Farvaque, 2013). A specificity of the European approach as presented in the 2012 Staff Working Document is that it considers that PHS cover a broad range of activities that contribute to well-being at home of families and individuals, therefore encompassing care services as well as non-care services. Therefore it is necessary to define the very nature of these services. We propose to differentiate these services according to several dimensions.

1.2. The nature of the services

By their very nature, care services are provided towards persons in need of specific care, because of their present state which is often defined as a state of frailty or dependency. In the different countries, this corresponds to specific economic sectors like that of care to the elderly, childcare, care services to disabled persons, etc. By construction, health care services are not included in this approach, though they also are provided at home. They rely on other systems, both in what regards financing or industrial relations.

‘Non-care’ services correspond to other sub-sectors, the three most important being cleaning, catering and domestic maintenance and gardening (Cancedda 2001: 8). Other types of services like remedial classes have been included in the legal definition in France but have been expressly discarded in Germany for instance.

The distinction between care and non-care services is not always convenient. As such, it supposes a specific nature of the service, per se or in itself. But the very same task, like cleaning the house, can resort to a care service if the person cannot do it by herself and can be considered as a non-care or comfort service if the person do not wish to do it by herself. The boundaries between care and non-care services are therefore often blurred.

When analysing public policies that support the development of personal and household services, it is therefore necessary to distinguish between what results from the development of care policies in the different countries, and what results from a more general impulse given to the market through several advantages (for instance tax credits) or tools (like vouchers in order to ease the administrative tasks). From a dynamic perspective, implementing new tools in order to develop the market of personal services can also be seen as a marketization of social services and a form of retrenchment of the welfare state. But these new tools also offer new opportunities for households, in particular in terms of work-life balance, which may not as such be tackled by classical welfare institutions.

To this usual and complex distinction between care and non-care services, other forms of distinction can be added. One can for instance distinguish between ‘personal’ and ‘non-personal’ services ( Pfannes, Schack, 2014). ‘Non-personal services’ can be implemented in the absence of the customer, either at the client’s home (home cleaning, textile cleaning, heating, cooking, pet care, delivery of goods e.g. meals on wheels), or outside (taking out the trash, gardening work, small repairs, car care). In the case of ‘personal services’, the physical presence of the customer is required, in particular in what respects to care services but also domestic assistance and support (helping the customer to lead a self-determined life, e.g. accompaniment on shopping tours), mobility services (churchgoing, transport services, travelling), organisation of leisure time (doing sports, walking, media usage support), or body care and wellness (e.g. hairdressing). This distinction is interesting because it emphasises the nature of the tasks realised at home. Non-personal services have a technical component which is subject to technological or organisational innovations — for instance the quality of cleaning services can be improved thanks to new devices or tools. Personal services, because of their strong relational character, are not subject to the same productivity gains, although quality of the service can also be improved thanks to IT. This relational dimension (talking, exchanging, etc.) is central to personal household services. Therefore these jobs are associated with both technical and relational skills.

Another distinction relates to the existence of a prior formal needs assessment or a formal indication. In the Netherlands, the Social Support Act WMO arranges all activities that support people to live at home for longer and to make sure that they can participate in society to some extent. The municipality is the main actor in

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8 See for instance Meagher and Szebehely (2013) in the case of Nordic countries.
coordinating these activities. The municipality may request people to pay for part of the expenses, and this amount is established dependent on certain conditions such as age, income and household situation. Within the Act WMO it is possible to get a personal budget to buy-in care. The municipality judges whether the care and services that are bought with this budget, have a sufficient level of quality. Under certain conditions, the personal budget (Persoonsgebonden budget; Pgb) allows the person to buy-in services from friends, family or neighbours. Within this broad social domain the distinction between care and non-care is not the main distinction to make. It is more important to distinguish between services that are provided based on a formal indication and those without such an indication. Persons who have an indication may make use of publicly funded home care and cleaning services via the publicly funded provisions. Others do not get such financial support (Panteia, 2014).

1.3. Employment models

The PHS sector relies on a variety of employment models. It is important to distinguish the nature of the contract (is it an employment contract or a sales contract), on the one hand, and also the number of participants in the relationship (is it a bilateral or a trilateral relationship) (Jaehrling, 2003). This will result in a typology of models of employment (see Table 1).

Table 1. Employment models in PHS

<table>
<thead>
<tr>
<th>Employment contract</th>
<th>Two parties</th>
<th>Three parties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model 1. Direct employment by the household</td>
<td>Possibly through voucher (ex: FR, IT)</td>
<td>Model 2. Provider organisation model</td>
</tr>
<tr>
<td>- Self-employment or auto-entrepreneurship</td>
<td>Combination of direct employment and intermediation from a provider organisation (French mandataire régime)</td>
<td></td>
</tr>
<tr>
<td>- Undeclared employment</td>
<td>(Public, NGOs, private)</td>
<td></td>
</tr>
<tr>
<td>- Informal help or care</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

There actually exist two types of employment models. On the one hand, the provider organisation model (Model 2) corresponds to a classical form of employer-employee relationship. In this ‘intermediated’ or triangular form of employment, the worker is employed by a company who sells services on the market or by an organisation providing the service (e.g. a public organisation); the beneficiary of the service simply buys this service on the market or receives the service from public policies. The peculiarity of this model is attached to the place where the employee works, that is directly at the recipients’ home. On the other hand, the direct employment model is a job relationship whereby the beneficiary of the service is also the employer (Model 1).

There are other forms of bilateral relationships which do not strictly correspond to a classical direct employer model, and which we have gathered in ‘other forms of contract’ between two parties. A bilateral relationship can indeed correspond to a sales contract with a self-employed worker or auto-entrepreneur. There is no employment relationship but instead a sales contract. This direct relationship can also be provided under undeclared employment forms. All forms of informal help or care could also be considered here as contractual relations between two parties, but neither in the context of an employment or sales contract (and not necessarily leading to a monetary payment). There also exists a possibility of combining a sales contract (between the provider organisation and the household) and an employment contract (between the employee and the provider organisation employing her or him), like in the French régime mandataire.

In both models 1 and 2, vouchers can be used to simplify the administrative tasks. Voucher-based work can be defined as ‘a form of employment where an employer acquires a voucher from a third party (generally a governmental authority) to be used as payment for a service from a worker, rather than cash’ (Eurofound, 2015: 82). In France or Italy, the voucher is mostly used in the context of direct employment while in Belgium it can only be used towards service provider organisations (the household will not be the direct employer).

This ‘duality’ of models impacts the way the sector is measured (in particular the quantification of employment) and has also many other impacts on the regulation of employment and on working conditions (i.e., the quality of employment). These two ‘models’ are differently developed and regulated in European countries (Kvist, 2012). In some countries reviewed here like Finland or Belgium (also in Denmark or Sweden), personal services are almost always purchased through companies or self-employed persons. Households are principally service purchasers and the share of households as direct employers is limited. In France, Germany, the Netherlands or Italy, reforms have been introduced making it easier or cheaper for private households to employ individuals to do housework in homes. In Southern countries, recent reforms have placed the focus on
what can be called a family-as-employer model. ‘In these cases, Kvist writes, the domestic service reforms could be seen as part of a transition of unpaid domestic work/informal employment in private homes to paid domestic work, a transition that could be described as developing from unpaid domestic work mainly performed by women or by persons with informal employment, to paid domestic work performed in the home’ (id.). These reforms may result in specific arrangements for ‘direct’ employment regulation.

The following chapters give a first general outlook at the institutional models and market structures of PHS in the six countries. The place of care and non-care services, the financing mechanisms behind, and the importance of the different employment models are detailed.

1.4. The institutional and market model of PHS: a combination of logics

In all countries, part of PHS is publicly funded and another part is privately funded. The role of local authorities in delivering or monitoring the provision of services is important in the six countries. The field of PHS in the six countries of the Review is highly cross-functional as it covers very different measures, corresponding to different logics or rationales. We observe for each of the reviewed countries a combination of logics as far as care and non-care services are together gathered in a single encompassing definition of ‘PHS’. For the simplicity of analysis we follow here a country-per-country presentation.

**Finland: care services provided by local authorities combined with tax advantages for domestic work and renovation services provided by the private sector**

In Finland, the personal and household services have traditionally been part of the strictly regulated public social and health care system under the auspices of municipalities. The local government is a main service provider as well as a purchaser of care services (including services to older, disabled or sick persons, supporting services such as childcare, cleaning, transport, meal service etc., and home nursing). Municipalities are in principle responsible for allocating adequate resources. They can either organise the services by themselves or provide them by forming larger catchment areas with other municipalities, via joint authorities of social and health care, by outsourcing or by providing service vouchers for clients. In recent years, the development of outsourcing has been quite important in Finland but the majority of these services still are provided by municipalities (78% versus 22% that are purchased in the market). When using other than the municipality’s own service provider, the legal purchaser is required to ensure that the quality of service meets the legal standards. The practices vary depending on the local context like the size of the municipality. The household services are coordinated by a home care manager and household service manager.

Besides the public services a moderate amount of private household work service enterprises (‘kotityöpalveluyrityksiä’) have appeared. Most of these are providing household services only vaguely relating to the municipalities’ social care. Private provision consists mainly of cleaning, gardening, meal services and other household services. Companies are often multidisciplinary. One of the newest service products is elderly homecare. There are also third sector service producers in the field, which employ even a little more than private service producers, 27 700 persons in 2011. Their turnover was almost the same as that of the private service companies, EUR 1.5 mln. However, the share of the household services of the total third sector social services is rather small, 1–2% in terms of both personnel and turnover (Lith 2013).

When purchasing household services, households may benefit from a tax reduction of 45% of its cost if it is provided by a company, and 15% if it is provided by an employee directly recruited by the household. The ceiling is up to 2 000 EUR. Household services include repairs, construction or building work, taking care of small children, and house cleaning. In 2011, over 400 000 people (14% of households) used this tax rebate, in particular individuals over 75, homeowners, entrepreneurs, two-parent households, and the wealthiest households (Aalto, 2013). This tax credit was created as a means to combat undeclared employment in renovation and domestic services. According to an entrepreneurs’ survey (based on their own subjective estimates, so the data should be taken with caution), the share of undeclared employment would have diminished from 60% to around 25% in 2004, but almost exclusively in the renovation sector, not in the cleaning sector (Niilola, Valtakari, 2006). The scheme seems today to answer the needs of some households in particular regarding work-life reconciliation. Highest-income households massively resort to this tax advantage: about 48% of beneficiaries are in the 20% wealthiest households and received 56% of the total tax credits (Aalto 2013).

**The Netherlands: a public provision of home care services combined with a market for home-based services (including care)**

In the Netherlands, part of service provision at home, including care and cleaning services, is publicly funded. As of January 1st 2015 the legal and financial setting of this publicly funded service provision has changed
mostly elderly) and the need to retreat into the residential care segment (Bettio and Lamura, 2013). A recent survey involving 1,500 home care workers mainly recruited under undeclared forms of private supply existing at this time, and large firms work mainly as sub-contractors of the public sector, namely social cooperatives that employ social care operators. In particular, ‘type A’ social cooperatives (which are recognized as welfare organisations that are beneficial to the public benefit) are the first service providers. The number of Italian households who organise the care for their dependent migrant in the family members through a social cooperative is growing. Whereas it was not present until a few years ago, in 2012 this type of employment account for 14.3% of them currently work through cooperatives (Ministero del Lavoro, 2013).

However, despite the long tradition of social cooperatives and their greater involvement in the PHS sector, this is the ‘migrant in the family’ solution that has been chosen in most households. This has led the existing forms of private supply existing at this time to retreat into the residential care segment (Bettio and Verashchagina, 2010). The choice of this solution, which corresponds to the purchase of care services on the grey market through undeclared arrangements, has been influenced by the institutional welfare framework. The recent attempts aimed at tackling undeclared work through a direct link between cash allowances and the hiring of regular workers (care allowances, vouchers) have produced mixed results. Thus, individual workers dominate the market and large firms work mainly as sub-contractors of the public sector and do not offer care services.

Alongside these publicly funded care services, there is a privately funded sector of ‘service provision at home’ (Dienstverlening aan huis). The market has the following characteristics. Around 1 million Dutch households buy-in services at home, offering 272 million hours of work and spending around 2.5 billion EUR per year on such services (Panteia, 2014). This spending includes the individual spending of households plus the spending of third actors such as the government. It means that on average a household buys-in 196 hours of services each year. Most of this work (95%) falls within the legal scope of the Arrangement Service Provision at Home (Regeling Dienstverlening aan Huis), which creates a specific status alternative to the classical employer-employee relationship as we will detail below (Panteia, 2014). The following activities are covered by this arrangement: cleaning, washing, ironing and cooking; maintaining the garden; dogs walking, etc.; but also domestic help, such as home help for the elderly and chronically ill, whether or not through a personal budget (PGB)11. In addition, the childcare sector in the Netherlands is a private sector. Yet, parents may get a tax credit (Kinderopvangtoeslag) which refunds parts of their child care expenditure, depending on working hours and household income. However this system of tax credit changed recently under pressures of the economic crisis and the need to reduce public expenditure.

Italy: care services provided by local authorities and social cooperatives combined with housework employees mainly recruited under undeclared forms

In Italy, municipalities provide social care support (e.g. home help and personal care) through their social services departments. In most cases, local authorities use public tendering to provide the bulk of social care services (SAD Servizio di assistenza domiciliare) through social cooperatives. Traditionally, care service providers belong to the non-profit sector, namely social co-operatives that employ social care operators. In particular, ‘type A’ social cooperatives (which are recognized as welfare organisations that are beneficial to the public benefit) are the first service providers. The number of Italian households who organise the care for their dependent members through a social cooperative is growing. Whereas it was not present until a few years ago, in 2012 this type of employment accounted for 14.3% in the home-care sector at the national level (Ministero del Lavoro, 2013; Lamura, 2013). A recent survey involving 1,500 home-care workers estimated that 6.2% of them currently work through cooperatives (Ministero del Lavoro, 2013).

However, despite the long tradition of social cooperatives and their greater involvement in the PHS sector, this is the ‘migrant in the family’ solution that has been chosen in most households. This has led the existing forms of private supply existing at this time to retreat into the residential care segment (Bettio and Verashchagina, 2010). The choice of this solution, which corresponds to the purchase of care services on the grey market through undeclared arrangements, has been influenced by the institutional welfare framework. The recent attempts aimed at tackling undeclared work through a direct link between cash allowances and the hiring of regular workers (care allowances, vouchers) have produced mixed results. Thus, individual workers dominate the market and large firms work mainly as sub-contractors of the public sector and do not offer care services.

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9 As of 1 January 2015 the Act Wlz has come into force [Wet langdurige zorg; Act long-term care] which only caters to the needs of people who are severely and long-term ill. Wlz replaces parts of the AWBZ (Exceptional Medical Expenses Act), while other parts that belonged to the AWBZ have become the responsibility of the municipality and are included in the already existing Act WMO [Wet Maatschappelijke Ondersteuning; Social Support Act]. The Social Support Act WMO arranges all activities that support people to live at home for longer and to make sure that they can participate in society to some extent. The Act Zvw [Zorgverzekeringswet; Act health insurance] arranges health care and personal care at home.


11 The main cash allowance for disabled people, the Attendance Allowance (Indennità di accompagnamento), was introduced at the national level in 1980. It was originally intended for young adult disabled people, but it was extended to cover older people in the mid-1980s. It is a national cash benefit scheme paid by the National Social Security Institute to people unable to perform the basic activities of daily life. The beneficiaries are free to spend the money as they choose, and there is no need to agree on a care plan.
directly to families (Italia Lavoro, 2014).

Belgium: community care services combined with a voucher system for domestic services

In Belgium, activities related to personal and household services (PHS) are generally included under the heading of ‘community care services’. Community care services can be defined as services that meet individual or collective needs based firstly on an objective sense of community, because they are rooted in a restricted local area, and possibly also on a subjective sense of community, given the inter-personal aspect of the service. They can include such wide-ranging activities as early years child care (0 to 3 years), after-school child care, care for sick children, home help for dependent persons, transport for people with reduced mobility, housing for those in difficulty or even the design and maintenance of collective spaces in degraded neighbourhoods. The stakeholders, primarily in terms of financing, are the regions and communities (following the 6th reform of the Belgian State, the federal authorities no longer have any powers in this area) along with the local authorities (communes and Centres publics d’aide sociale /Social Public Welfare Centres (CPAS)) and mutual societies. The private sector (commercial companies, not-for-profit associations, temporary employment agencies) also plays an important role in service provision.

This public provision is combined with the voucher system already mentioned above which allows households to purchase domestic services only (care services not included). Originally a federal responsibility, the voucher system now is the responsibility of the regions. This has led to regional reforms; for instance Wallonia decided to reduce the level of tax exemption that had been set until 2015.

Users of the voucher system are individuals who may purchase vouchers, up to a maximum of 500 vouchers per year (1 000 for a household) and 2 000 in specific cases (disabled persons, older people receiving assistance benefits, single parents, etc.). The functioning of the voucher will be detailed below.

In 2013, nearly 950 000 people used these vouchers i.e. 19 % of households (IDEA 2014). The purchase of vouchers is still increasing ten years after the launch of the programme (annual growth by 6 % in 2013 and 8 % in 2012) which means that the market is not yet saturated. This measure is particularly praised by working families. People over 65 represent 28 % of users (IDEA 2014).

Germany: care services provided by companies and charities combined with an extensive use of direct employment under various forms (in particular mini-jobs and undeclared arrangements)

In Germany, care services at the home of the patient are usually carried out by officially recognised outpatient care service companies (ambulante Pflegedienste). According to official care statistics, on 15 December 2013 there were 12 700 outpatient care service companies (Federal Statistical Office 2015: 5). Of these, 64 % were privately owned, 35 % were owned by charitable organisations (freigemeinnützige Träger) like Diakonie and Caritas, and 1 % were owned by the state (Federal Statistical Office 2015: 5). Depending on the formal level of care, recipients obtain monetary care benefits (Pflegegeld, which can also be used for caring for family members).

Non-care services are either provided by PHS companies or more generally through direct employment. Most non-care PHS companies were created in the context of regional funding schemes and tax encouragement for personal and household services introduced in the mid-1990s (Becker, Einhorn, Grebe, 2012, Weinkopf 2014). These policies were carried out to create employment opportunities subject to social security contribution for low-skilled unemployed persons. Weinkopf (2014: 5) assumes that the number of companies providing personal and household services decreased as those funds expired.

Direct employment forms dominate in Germany, with an important presence of informal and illegal employment. According to Prognos (2012), 12 % of all German households (around 4.8 million) demand personal and household services, but only one third of these households (around 1.68 million) employed workers legally. Overall, Enste et al. (2009) assume that only one person in twenty is employed legally in the personal and household services sector.

One of the reasons named for informal employment is the fact that households may face difficulties to gather information about local PHS suppliers, they might also be bureaucratically overburdened in their role as employer (Von der Malsburg, Isfort 2014). Most importantly, the price for informal services is lower than for declared services (subject to taxes and social security contributions).

Since the Hartz reforms, private households as well as PHS providers can now offer part-time jobs subject to
social security contributions, Midi-Jobs\(^{12}\), or mini-jobs. These measures were conceived so as to tackle undeclared employment and to create jobs in the low-wage sector. Mini-jobs (with a ceiling of 450 EUR) are exempted from social contributions. According to Prognos (2012), 40% of households drawing on the legal labour supply employed persons with a mini-job (earning up to 400 EUR per month at that time), 32% employed self-employed persons (Solo-Selbstständige), and 28% of households made use of PHS providers.

In general, PHS workers are most frequently demanded by high-income households, households with active mothers, older people, and households receiving benefits provided under the care insurance scheme (Pfannes, Schack 2014). Due to spatial income level differences, PHS are requested twice as often by households in the area of the former West German federal states than by households living in the area of the former GDR (Prognos 2012). According to Prognos (2012), those with the highest willingness to pay for personal and household services were single persons aged between 40 and 59 (EUR 12/hour), active women with children (EUR 12.30/hour), and families with children under the age of six (EUR 11.80/hour); the lowest willingness to pay was reported for low-income households (up to EUR 8.40/hour) and people older than 60 years (up to EUR 8.20/hour).

In addition the non-market sector is important. As already mentioned, PHS are often supplied by household members. For a small fee, PHS are also supplied regionally or locally by volunteers within the framework of religious institutions or neighbourhood help organisations. By now, the service range of these voluntary work organisations is as wide as the range of services provided by commercial PHS companies due to the high demand (Bröcheler 2014).

**France: home-based services provided either by provider organisations or through direct employment; a financing model combining a care allowance with tax advantages**

In France, home care services are managed by local authorities. User’s needs are assessed by a care manager. The dependent older people receive a cash benefit allowing them to purchase care services on the market. This allowance can be used either towards PHS provider organisations (in the public or private sector) to finance the home-based services, or to directly recruit an employee at home. Local authorities may give priority in some cases to the first option (provider organisation model rather than direct employment). This model has been conceived to support older or disabled persons' autonomy at home.

Home-based personal services can also be purchased directly by households either to having provider organisations or through direct employment. Households are encouraged to do this through a series of measures, including a 50% tax advantage, the possibility to use vouchers and a reduced VAT rate. As seen above, the tax deduction is perceived independently of whether the services are care related or not. Retired persons can benefit from this tax deduction (that is only the ones paying income tax) while active people can benefit from a tax credit (when not paying income tax, they will be entitled to a payment from the tax administration). In consequence the tax-paying older people may combine the care allowance (based on their needs assessment) with these advantages if purchasing extra-services.

The provider organisation model is constituted of non-profit companies and for-profit companies. In total, associations represent nearly 60% of the activity, the private for-profit sector represents nearly 30% of paid hours in personal services in 2013, and public organisations 11% (Thiérus, 2015). For-profit companies have experienced an important growth both in terms of the number of companies operating (x3.2 from 2008 to 2012) and in terms of employees (x2 from 2008 to 2012). Private for-profit companies today principally provide comfort services such as ironing, gardening and are strongly present in the childcare market. They also tend to be more and more present in the field of services to older persons (29% of their activity in 2012, 31% in 2013). By comparison, non-profit organisations mainly provide services to the elderly (more than 56% of the activity of associations and public organisations).

The direct employment model represents more than 500 million purchased hours in 2013, compared to 365 million hours purchased towards provider organisations. A peak in the purchase of PHS was reached in 2010 with more than 930 million hours in total (and nearly 600 million hours through direct employment). Since then, the total number of hours has been decreasing. In 2013 this amount had diminished by 5.5% compared to its level of 2010.

**To conclude** on these first national elements, one can see how far different logics are intertwined. All countries have developed on the one hand personal care services (support to families, the elderly, etc.) that depend on

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\(^{12}\) Midi-Jobs are registered jobs with monthly wages between EUR 451 and 850 and reduced social insurance contributions.
tutelary regulation. Some countries like Finland or the Netherlands have reduced the public financing of these services. On the other hand, certain quasi-markets for other personal services have been developed to different extents in the countries, with the aim to develop formal employment.
1.5. Employment levels

The simplest and more accurate way of comparing employment levels at the EU level is to resort to Eurostat sectoral data. There are two NACE categories that correspond to the two employment models distinguished above.

Workers directly employed by households are identified under the NACE category 97. This category offers quite homogeneous and comparable data. Employment in service provider organisations is much harder to locate and measure, because these organisations come from different professional fields and may have a plurality of activities. Most often, these organisations are located in the field of social work activities without accommodation and are ranged under the category 88 of NACE. Services considered here are only ‘care’ services provided to older people or disabled people, as well as childcare activities. Other non-care activities provided by organisations or companies can however be mixed with other activities (ranged under other statistical nomenclature). As a result, one can have a clear overview of both the ‘direct employment’ sector and the home-care sector, but the picture is much harder to gain when analysing ‘non-care’ services or domestic services or employment in service provider organisations that do not work specifically for older or disabled persons.

Household as employers of domestic personnel ('direct employment model')

As mentioned in the introduction, in the EU-28 in 2014, there are 2.3 million employees directly recruited by private individuals (NACE 97). The number of employees has decreased by 5% between 2008 and 2014. The three countries with the highest number of employees working under direct employment model are Italy, Spain and France.

As can be seen from Graph 1, two countries reviewed here have experienced asymmetric trends in recent years. France has experienced an important reduction of the number of hours provided through the direct employment model which has led to a destruction of 45% of jobs from 2009 to 2013. This important decrease of the direct employment is mainly due to a global loss in purchasing power of households over the same period (Thiérus 2015). A reform reducing the advantages that direct employers may benefit from, when recruiting someone also occurred in the beginning of 2013, but it is too early to assess its effects on consumption.

Italy has on the contrary experienced a massive and rapid increase in this form of direct employment. The number of jobs in 2014 is 86% higher than in 2008 and the economic recession does not seem to have had an influence on this constant expansion. This can be seen as the result of a migration policy combined with the implementation of a new regulatory framework for occasional workers. The great expansion of this sector has been almost exclusively fed by relevant inflows of migrant workers, especially women. Migrant workers outnumber Italian workers after the ‘great regularisation’ of 2002. The number of migrant workers from Eastern Europe, which accounted in 2004 for 39.7% of the total, increased by almost five percentage points in 2013 (44.9%), while in absolute value their number has almost doubled (+114%, amounting to +226 000 units). The number of migrants from other regions of the world (South-East Asia, North Africa, South America) has also strongly progressed. This regularisation of migrant workers coincides with a decrease in irregular employment. Considering all forms of jobs together, that is declared jobs and irregular jobs, the Italian National Institute for Statistics (Istat) estimates that the share of non-regular workers out of the total decreased from 67% in 1999 to 49.3% in 2012. Italy is to some extent representative of a transition model, occurring also in other Southern countries like Spain, from unpaid domestic work and informal employment in private homes to paid regular domestic work (Kvist, 2012).

13 For instance, cleaning houses or apartments under NACE 81.21 (General cleaning of buildings) is mixed with cleaning offices or factories, which is a different type of activity. Private lessons for pupils would be located within NACE 85.59 (Other education not elsewhere classified) but mixed with other forms of instruction not given at home. Further, it is fairly hard to identify home-based providers of personal services such as hairdressing or gardening.
Both France and Italy still are above the European average in terms of the relative employment ratio in this direct employment sector, but as the Graph 2 indicates the trends are now opposite. In the other countries, the volume of direct employment is less important, except in Germany where it represents more than 200,000 employees (0.5% of total employment).

Social work activities without accommodation

According to Eurostat figures, in 2014 there were around 5 million workers employed in ‘social work activities without accommodation’ (NACE 88, i.e. excluding residential care activities) at the EU-28 level. The number of employees in this sector has increased by 12% compared to its 2008 level.

Only Italy stands below the EU average regarding the proportion of workers in social work activities without accommodation (1.1% in 2014 compared to an average of 2.4%). This is linked to a national model giving prominence to direct employment as we have seen above. In Germany, although numerically the sector represents an important volume of employees (915,000 in 2014), it is situated near the European average. As can be seen from Graph 4, Finland, France, the Netherlands and Belgium stands far above the European average in terms of the percentage of workers in this sector.

Comparison between employment rates

Crossing the previous figures permits to identify national configurations of employment in PHS. In the lower-right quarter stands Italy, where family employment is the dominant model (one would also find here other Southern countries such as Spain). There is no country in the lower-left quarter, where one should find all the EU countries where both sectors are less developed than the European average (in particular Central and Eastern countries). In the upper-left quarter, there are three countries (Belgium, the Netherlands and Finland) where
employment in providing organisations dominates. Germany is actually situated on the average line. In the upper-right quarter, finally, there is one country (France) whose particularity is having a mixed model with an important development of both sectors. France is in a very specific case (only Luxembourg has similar characteristics at the EU level).

**Graph 5. Comparison of employment rates in two PHS sectors (social work without accommodation/Households as employers of domestic personnel), 2014**

![Graph showing comparison of employment rates](image)

Source: Eurostat

These data finally prove useful because they are homogeneous and comparable, although they are not perfectly covering the overall sector of PHS as defined by the European Commission in its Staff Working Document. National definitions of PHS differ, so it is necessary to consider one single convention of measure that can be used across borders. All countries report difficulties in gathering good quality data on this sector.

**A need to improve the statistical appraisal of the sector**

On these statistical aspects, there is indeed a real need for further work and cooperation between national administrations and the European level to enrich the measurement of these jobs. The category of ‘Personal and household services’ is unclear as it covers different issues in terms of public policies. This category is neither a commonly used category throughout Europe nor a well-delimited statistical sector. We need to compare work and employment in two very different statistical categories, as we have just done above, while leaving other fringes of personal services aside. **These two categories actually relate to two distinct professional and economic sectors with different histories and institutions.** Taken together, these categories do not fully embrace the totality of the PHS sector. For instance, the statistical category NACE 88 may minimize the number of active workers in the PHS. This is for instance the case in Belgium where a majority of PHS employees work under the service voucher system. They are employed by companies which might be classified either in NACE 78 (Employment activities), 81 (Services to buildings and landscape activities) or 96 (Other personal services activities). Other difficulties relate to the fact that the terms used to describe the types of professions differ according to the source of data, the heterogeneity of sources (for instance in Italy data from Labour Force surveys, social security systems, censuses, etc., are not always properly comparable).

**This statistical complexity may also arise from the objectives followed by public policies in the Member States,** which may concentrate on the housework sector only on one side, or on care policies on another side (childcare only, or eldercare only for instance), or embrace these different activities in one single global policy.

One recommendation at this stage could be to put in place an Observatory of jobs and employment in PHS at the EU level which would be in charge of taking all these issues in consideration and offer an uncontested statistical outlook.

**In other countries than the six ones reviewed here, an important scope for job creation**

The quantitative appraisal proposed above concerns countries selected for their already existing development policies in the field of PHS. **Something therefore is missing: the fact that in many other countries of the EU, employment rates in both statistical sectors are low.** This means that there is considerable scope to develop employment in personal and household services in several countries with employment rates below the
average (and are characterised quite often by informal and undeclared arrangements). The following elements on public policies may therefore offer an overview of the existing solutions to develop PHS in other countries, not cited in this Review.
2. PHS policies: what impact on job creation?

In the six countries reviewed here, different measures have been taken in the last twenty years to develop the market for PHS, either by supporting the demand or fostering the supply. **Public tools to develop housework activities can be grouped in four categories** (Farvaque, 2013): reducing the price; simplification of procedures and incentives through vouchers; new regulation on employment; fostering the emergence of a formal supply side.

To these measures implemented so as to create new jobs in the field of housework should also be added the national legislative apparatus in the field of care policies. The development of care policies does not follow the same logic and rationale as the promotion of housework activities, and therefore is based on different tools. Care policies are developed in the different countries as an extension of welfare policies, aimed at maintaining people at home thanks to the provision of adapted, personalised, services; these policies follow a logic of social needs and are provided after an assessment of the person’s actual needs. By contrast, housework activities are developed according to economic and employment policy rationales (creating new jobs, activating the unemployed, combatting undeclared jobs, offering conciliation opportunities, developing new activities, helping the emergence of a new sector, etc.). The policies created to support employment in this sector are conceived in economic terms, which relate to the household’s decision and capacity to externalise to service providers some of the tasks they perform themselves. This is why many of the tools described below act first on relative prices or other constraints (in particular the administrative burden), as well as on the legal context (degree of public action against irregular jobs, social acceptance of undeclared labour). This ‘social’ and ‘economic’ spheres are however not totally distinct and there can be a conjunction of their respective rationales in some of the national policies set up.

This section focuses on the precise content of national measures implemented with a goal to develop PHS in the six countries of the Review, putting in evidence their rationale and, as far as impact assessment data are available, their impact on job creation.

### 2.1. A context of reduction of public expenses

The analysis of these policies needs to start from a general fact, that is, the current enormous pressure on public budgets and spending in all European countries. Some of the countries reviewed have decided to limit spending in the field of PHS policies. **The Netherlands** have reorganised the institutional architecture of the care system. In 2007, many PHS-related activities have been decentralised to the municipalities via the Social Assistance Act (WMO). More recently in the beginning of 2015, reforms were introduced aiming at more cost-effectiveness of spending. These reforms gave municipalities a larger range of tasks within the social domain. This reinforced decentralisation is combined with large budget cuts for municipalities to fund activities in the social domain. This means that as of January 2015 the provision of care and household services has been under pressure, leading to redefining the type of care and help people really need, often reducing the amount of services and/or the amount of hours of care the public authorities’ fund. Municipalities seek more cost-efficiency when buying-in certain services. Estimations are that as of 2015 **25 % of Dutch municipalities have stopped offering cleaning services at home as a public provision** (Binnenlands Bestuur, 2014). A large number of municipalities has decided to reduce the amount of hours people may get cleaning assistance at home or is going to reorganise the smaller cleaning task.

**Finland** has also recently experienced cuts in Government grants in direction of the sector. In the current Government negotiations, the total savings targeted at municipalities have been estimated to be EUR 2 billion during the next four years. These challenges have already been addressed for instance by the project to restructure local government and services (2007–2012) with contradictory evidence on the short term cost effects (Kallio et al., 2012). In **Belgium**, decentralisation of the administration of the voucher has lead one region (the Walloon region) to divide by three the amount of tax incentives to purchasers. In **France**, tax advantages to households who directly recruit domestic staff have also been reduced after 2010. This correlates with a decrease in this form of employment as seen above.

### 2.2. Impact of measures to reduce the price of services

One of the main mechanisms of the measures introduced to foster the purchase of housework activities is **to act on the final price paid by the household.** As seen above, the price of the service is still seen as a major obstacle. Resorting to undeclared jobs is principally driven by price motives. Several mechanisms to reduce the price are on offer.
**VAT exemptions**

First, the price can be diminished through a reduction of the VAT rate or exemptions from VAT. In Belgium, vouchers are exempted from VAT. In France, non-profit organisations providing personal services are exempted from VAT and there is a reduced VAT rate on personal services. In 2005, the VAT rate for personal and household services was reduced to 5.5% instead of the then regular rate of 19.6%. This rate applied to the overall list of personal services (around 20 activities concerned). In 2012, this VAT rate was increased at 7% for several activities not in direction of frail or dependent persons. In 2013 after the demand of the European Commission, a series of services not directly providing ‘care’ to persons (like gardening, private lessons except remedial classes, IT assistance, etc.) shifted from the 7% intermediate VAT rate to the normal rate (19.6% and 20% since 1/1/2014). In 2014, the intermediate rate passed from 7% to 10%; it now applies to all other personal and household services (like childcare, cleaning, etc.) which are not provided to frail or dependent persons. A reduced rate (of 5% instead of 5.5%) still applies to these care activities. The French example clearly shows a distinct approach between the European one (considering that only care services to dependent persons may benefit from this advantage) and the French one (based on a widely encompassing list including both care and non-care services all subject to a reduced VAT rate).

**Exemptions on social contribution**

Secondly, another mechanism to reduce the price is to reduce the cost of labour by means of exemptions from social contributions on employees’ wages, either when employed by companies or directly by households. These exemptions have existed since 1987 in France for the direct employment of houseworkers, and were later open to all companies in 2004. Up to 2005, these exemptions were limited to care services. Since 2005 they also apply to any activity in the perimeter of ‘personal services’ as defined by law. In a context of budgetary discipline already evoked above, some exemptions given to direct employers have been cut through successive measures after 2010. Overall, according to the employers’ union FEPEM, these measures may result in a general increase estimated between 8 to 20% of the cost of labour for private households recruiting domestic personnel. This reduction of exemptions coincides with a massive diminution of legally declared hours (~8.9% between 2010 and 2013) and with an important reduction of the number of jobs in this sector (direct employment, cf. Graph 1 above). The employers’ union FEPEM frequently denounces these measures that would encourage an increase in undeclared arrangements.

**Tax incentives**

Last, another cost-reduction model is to implement tax deduction schemes. This is currently the most developed tool to encourage formal employment in Europe. Such schemes exist today in five of the six countries reviewed: Belgium, Finland, France, Germany, and Italy. At the European level, there are other experiences in Denmark, Luxembourg, and Sweden. As seen in the first part of this review, this model relies on precise ‘lists’ of PHS that are eligible for these advantages.

The larger list is found in France. This list embraces around 20 care and non-care services. The tax deduction has existed since 1991. Households can write off 50% of legal expenditure for the services listed in the 2005 decree against private income tax, up to EUR 12 000 per year (with possibility to go up to EUR 20 000 for disabled persons). Since 2007 two systems are actually existing: a tax credit for taxpayers who have a job or have been registered unemployed for more than 3 months, but who may not be liable to income tax (they may therefore receive a payment from the tax administration), and a tax deduction for other taxpayers. Thanks to these tax incentives and the measures mentioned above, the PHS sector has been quite dynamic in recent years. In 2011, 3.4 million households purchased personal services (13% of households).

**Impact assessment of tax deduction mechanisms in France**

A first impact has been the progressive increase, over the past 20 years, of the purchase of PHS (in terms of the rate of population having used these services). Drawing on fiscal data, the ‘purchase’ rate has passed from 6.4% in 1996 to 12.8% in 2008. This growth results from the combination of many effects: a regularisation of informal jobs and the creation of new formal jobs. As a consequence of the massive support of public policies, the number of hours of household and personal

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14 Measures were taken in 2010, 2012 and 2013. Until 2013, other private employers had the possibility to declare their employee on the basis of a flat-rate value equal to the national minimum wage (instead of declaring the potentially higher real wages). In 2013, this possibility was suppressed and social contributions are now calculated on the basis of the actual salary and not against the value of the minimum wage. In compensation private employers can now deduct 0.75 EUR of social contribution per hour worked.

services legally provided has strongly increased over the 2000s, particularly after 2001. The number of legally provided hours has almost doubled in 10 years, passing from 530 million hours in 1998 to nearly 900 million in 2010. Since the end of the 2000s as noted above, the purchase of PHS has diminished mostly because of the economic crisis. The direct employment system has been principally affected. The employers’ union is suspecting a correlated increase in undeclared hours.

A second impact can be measured in terms of job creation. Between 2003 and 2010, the number of employees in PHS has increased by 47 % with an average annual rate of 6 %. In 2010 the number of employees was near 1.5 million. However in full-time equivalents this only represents 500 000 jobs. After 2010, the number of employees has constantly diminished because of the decrease of direct employment (see above).

Several studies have tried to assess the cost effectiveness of these tax measures (in particular Marbot, 2011; Marbot, Roy, 2011a and 2011b). Carbonnier (2014) offers a meta-analysis of these different papers. He insists on the statistical difficulties and the influence of methodologies. The author writes that there still exists a strong uncertainty about the real impact on job creation of the different reforms.

According to this survey, the most successful reform in terms of job creation has been the setting up of the tax deduction in 1991/1992. In the first years after this tax deduction being set up, a lot of jobs most of them being formerly undeclared moved in the formal economy. This is quite logic as the reform targets a large population and the tool is created from ex nihilo. The lesson is that a reform creating a tax deduction tool can be quite powerful in terms of job creation at an affordable cost for public budgets. The jobs created mostly represent a regularisation of previously informal and undeclared activities.

But the other successive reforms (increasing the upper ceiling, transformation of a tax deduction scheme into a tax credit) are by comparison much less cost-efficient in terms of job creation. Public cost is very high at the margin. Carbonnier (2014) gives a quantitative appraisal of these different and successive reforms.

Table 2. Estimates of the impact of four French reforms on tax reduction on jobs created and their cost-effectiveness

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<tr>
<td>Reform</td>
<td>Creation of the tax incentive</td>
<td>Ceiling lowered from 90 000 FF to 45 000 FF</td>
<td>Ceiling increased from 6 900 EUR to 10 000 EUR</td>
<td>Extension of the tax deduction to a tax credit system for active people</td>
</tr>
<tr>
<td>Cost of the reform in 2013 EUR</td>
<td>1 077 millions</td>
<td>-139 millions</td>
<td>88 millions</td>
<td>133 millions</td>
</tr>
<tr>
<td>Full-time jobs created</td>
<td>27 556</td>
<td>-613</td>
<td>553</td>
<td>1 727</td>
</tr>
<tr>
<td>Cost of each full-time job create in 2013 EUR</td>
<td>39 113 EUR</td>
<td>228 222 EUR</td>
<td>159 494 EUR</td>
<td>77 360 EUR</td>
</tr>
</tbody>
</table>

Source: Carbonnier (2014). In the brackets are indicated the lower and upper limits corresponding to the 95 % confidence interval; in some cases due to the statistical model the upper limit may grow up indefinitely.

If the econometric model used by Carbonnier therefore confirms the positive impact of the creation in 1991/1992 of the tax deduction, it strongly questions the effectiveness of more recent measures such as the extension of its perimeter in 2007. While former studies had emphasised a positive and cost-effective impact on job creation of this 2007 reform, assuming that between 4 000 and 14 000 new full-time jobs were created with a cost comprised in between EUR 9 000 and EUR 28 000 (Marbot, Roy, 2011a, b), this more recent analysis using the same data concludes in a much different way.

The benefit of the reforms is now mainly captured by highest incomes (73 % of the tax credit went to the wealthiest 10 %) which is not only inefficient from an economic perspective (for these highest incomes the windfall effect is high) but also raises concerns about the fairness of these measures.

In Finland like in France, the tax deduction scheme (created in 1997) on household services includes both care and non-care services, typically renovation. According to the tax-credit system, all Finnish residents with taxable income can deduct a certain amount of wage if the household has directly employed domestic personnel (15 % after being lowered from 30 % in 2012) or a percentage of the expenses (45 % after being lowered from 60 % in 2012) when purchasing home services towards a company or entrepreneur. The services include household repairs, gardening, cleaning services and some IT services. The maximum amount of deduction is EUR 2 400 in 2015 after being lowered to EUR 2 000 in 2012 from EUR 3 000 and the retention is EUR 100 per person. As can be seen, the intensity of the measure has been considerably reduced in 2012 as an effect of budget discipline. While the deduction is granted on an individual basis it favours households with two adults and people with high income.

Impact assessment of tax deduction mechanisms in Finland

Today the system is very little used to purchase care services for aged persons, although adult children have a right to deduct expenses of care and cleaning services purchased for their parents. In 8 cases out of 10, the tax deduction is used for renovations and home repairs. In 2009, 81 % of tax deductions were associated with renovation services, 16 % with household and personal services, and 3 % with treatment and care services. In 2004, 73 % of households that had received
the deduction bought renovation services, while 25 % bought cleaning services (Niilola, Valtakari, 2006). The shares of other services are much lower, for instance gardening only accounts for 3 %. In terms of economic value, the share of renovation services accounted for more than 90 % of the total value of purchases. **This tax deduction is therefore first of all a mechanism to create formal jobs in the renovation sector.** A parallel can be established with the tax incentive model in the neighbouring Sweden, inspired by the Finnish experience, which actually created two tax incentives, one for renovation services (named ‘ROT’-reduction) and one for home-based personal services (‘RUT’-reduction). This scheme covers about 10 000 working hours per year. The actual employment effects have been estimated to depend on the state of the economy.

According to a survey report, in 2004, the number of jobs created or existing in the sphere of home-based services was estimated to amount to around 10 000 full-time jobs (Niilola, Valtakari, 2006). The net effect (i.e. taking into account the fact that tax deduction had a decisive impact on the purchase) of the measure is estimated around 4,600 jobs (around 90 % of them between in the renovation sector and 10 % in housework activities such as cleaning). This net impact is calculated using the results of a question in the consumer survey. If the tax deduction did not exist, 55 % of actual users of the tax deduction would have purchased the services; this proportion is 34 % for cleaning services and 62 % for renovation services. This data should be taken with caution as they do not reflect actual purchase behaviours but only intentional ones.

According to the authors of the report, the deduction for household services has proven to be a cost-effective way of creating new jobs. From the perspective of the national economy, the jobs created thanks to the deductions would pay for themselves in full and even bring a positive return on expenses. The tax deduction also has other effects of economic and social importance, such as a decrease in the amount of illegal work, an increased efficiency in the social distribution of work, an increase in economy-activating consumption and more leisure time. Another important, permanent overall effect and added value of the tax deduction for household services is that it has activated a new type of demand for household services worth hundreds of millions of Euros, having also started a whole new service market, at least as far as cleaning services are concerned.

The use of tax deduction schemes is highly dependent on one’s income level (Grönberg, Rauhanen 2015). The share of household and related services is only about 20 % of the total scheme. In the private household services (NACE 88101 and 88991) the household tax deduction covers about 40 % of turnover (ibid.). The existing evidence was gathered in 2007 by the Ministry of Finance (Tuovinen 2007) concluding that the tax deduction scheme does not necessarily add to the employment of low-wage sectors as much as intended. It was also noticed that there are some serious problems relating to the controlling for the deadweight effect or the separate effect in the studies of the scheme (Uusikylä, 2005). Hence, according to the Ministry of Employment and Economy, no further studies have been made except for the general description of the yearly provision and use of the scheme.16

In **Germany**, since 2003, households can deduct expenses for personal and household services from the collective income tax. According to the ‘Law to support families and household-related services’, 20 % of the costs for household-related services such as gardening, cleaning, laundry services or childcare services can be offset with wage sectors as much as intended. It was also noticed that there are some serious problems relating to the controlling for the deadweight effect or the separate effect in the studies of the scheme (Uusikylä, 2005). Hence, according to the Ministry of Employment and Economy, no further studies have been made except for the general description of the yearly provision and use of the scheme.16

| Table 3. Tax-deductibility of PHS according to the income tax code, Germany |
|-----------------------|-----------------|------------------|
| Mini-jobs in private households | 20 % | EUR 2 550 |
| Domestic helper (subject to social insurance contributions) non-care services care services | | |
| Craft services | | |
| | | EUR 4 000 |
| | | EUR 1 200 |

Source: Weinkopf 2014: 5-6

As expenses for PHS are deductible from the tax debt, low-income households not liable to income tax do not profit from this tax reduction law (Becker, Einhorn, Grebe 2012; Weinkopf 2014). Before 2003, the extent of tax deductibility was dependent on the taxable income. Therefore, the new regulation is in favour of persons who pay comparatively low income taxes as a tax debt deduction is relatively more significant for them compared to persons who pay comparatively high income taxes. According to the Federal Government, the loss of tax revenues due to § 35a of the German income tax amounted to EUR 360 million in 2010 (Deutscher Bundestag 2014). It was estimated that the tax deduction volume is EUR 410 million in 201417. Around 2.3 million taxpayers profited from this regulation (Deutscher Bundestag 2014). To our knowledge there are no specific assessments

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16 Interview with Ministry of Employment and Economy, 17.6.2015.
of the cost-effectiveness of the measure in terms of job creation.

**In Belgium and Italy, the benefit of tax reduction is attached to the purchase of vouchers.** In Belgium until recently, users of the voucher scheme used to benefit from a 30% tax deduction, but since the beginning of 2015 and the decentralisation of the policy to regions, the Walloon region has decided to limit this advantage to 10%. With this measure, the Walloon government expected an economy of around 50 million Euros. Already before this measure, the purchase of vouchers had diminished in this region, passing from 2 million in September 2013 to 1.85 million one year later according to Units (union of voucher companies). This employers’ union fears an increase of job irregularity as a consequence.

The impact assessment of the Belgian voucher scheme is presented below in § 2.3.

In Italy, tax deductions are related to the purchase of any type of vouchers. They have been set up at national level and are granted to anyone who is employing a regular domestic and care worker. Families can combine vouchers such as ‘buoni lavoro’ and tax benefits but these schemes are not linked. The list of activities that are eligible for these vouchers is **very inclusive** (for instance including maintenance of buildings, seasonal and agricultural activities, organisation of sporting events, etc.). This voucher, as will be seen below, aims at regulating occasional work. For domestic chores, the employer can deduct up to a maximum of 1,549.37 EUR per year from his/her own income, for compulsory insurance contributions paid in respect of home help.

There are two types of tax benefits depending on the family employer’s income. For employer’s annual income up to EUR 40,000, there exists a deduction from taxable income equal to 19% of the costs being sustained up to EUR 2,100, which is equivalent to a maximum tax credit of EUR 399 (2,100 x 19%, that is the flat tax rate for that level of income). For employers with income above that threshold, the deduction from taxable income of the social security contributions can reach a yearly maximum of EUR 1,549.37. The tax benefit varies with the income tax rate and it may range from a minimum of EUR 356 (for an income tax rate equal to 23%) to a maximum of EUR 666 (for the top income tax rate, which is equal to 43%). The benefit can only be in the form of a tax deduction. Hence, elderly people on low pensions, who usually do not pay the income tax, cannot benefit from the tax break.

Unfortunately there are no studies about the impact of the tax refund on job creation or reduction of informality in Italy, but it is clear that the extremely low amount of tax benefits, also in comparative terms, does not cover the pay difference between regular and irregular carers, which remains high, particularly in the case of co-residence. A carer on a regular contract would cost about 40% more than an irregular worker, a percentage that however varies depending on tasks, nationality, working time, and the conditions prevailing in the black market.

### 2.3. Developing vouchers

Vouchers have been developed in different countries, either in the context of a national policy or local initiatives. They correspond to means of payment which can be partly or fully subsidised by a third party (in general a governmental authority). The use of voucher is also associated to what Eurofound calls a ‘new form of employment’, as the voucher may replace in some cases the writing of a work contract and facilitates the administrative burden. There actually exist **two modes of operation** that correspond to the two employment models observed in PHS: **either the purchaser resorts to intermediary organisations, who employ voucher workers who are then assigned to clients (provider organisation model); or the purchaser directly recruits the voucher worker (direct employment model).** Belgium is representative of the first model while Italy is representative of the second model. The French voucher can be used in both ways.

Theoretically, vouchers have many advantages in the field of care policies as well as regarding non-care services (Farvaque, 2013): efficiency and control of public spending, impact on undeclared labour, monitoring of the quality of service (through a more user-oriented approach), and also more freedom of choice.

In Belgium, the system was until recently a federal policy, but was decentralised in the beginning of 2015. The service voucher system is aimed at: (1) creating new jobs, primarily for the low-skilled, (2) reducing undeclared work, (3) helping the unemployed back to work and (4) meeting the demand from private individuals wishing to outsource domestic work. **The Belgian model relies on a fixed price while for instance in France the price is freely set by the market.** This cost for purchaser has changed over time. It is now fixed at EUR 9 for one hour, for a maximum amount of 400 vouchers – 100 additional vouchers can be purchased at EUR 10 per hour. These ceilings are fixed per person, therefore the ceiling per household is 800 service vouchers at EUR 9 and 200 service vouchers at EUR 10. Disabled people, those with a disabled child and some single-parent families with one or more dependent children may purchase a maximum of 2,000 service vouchers a year at EUR 9.
The consumer benefits from a VAT exemption. In Flanders and in Brussels, a 30% tax deduction applies, which makes that the voucher price is brought down to EUR 6.30 (with a total ceiling of EUR 1 400). In Wallonia there is a 10% reduction for each of the first 150 vouchers purchased.

Apart from the user, there are four actors involved. The user must first of all purchase a service voucher from the issuing company (currently Sodexo) at the price specified above. This voucher is then exchanged with an approved company (commercial, public or social economy) for an hour’s domestic help, provided by one of the company’s employees. The approved company then sends the service vouchers it has received to the issuing company, which reimburses it the sum of EUR 22.04 for each one. The difference between this and the price paid by the user (EUR 9 or 10) is made up by a regional subsidy (EUR 13.04 or 12.04).

There were 149 782 people working in the service voucher sector in 2013.\(^{18}\) This was lower than in 2012 (151 137) but a 141% increase on 2006 when the figure was only 61 759. In 2013, these jobs accounted for 4.2% of total employment in Belgium. In 2011, 17% of Belgian households used the voucher system. In 96% of the cases, the activity realised was cleaning the home, and ironing in 71% of cases. 8% of the workers would have realised tasks that are not authorised by law such as childcare, eldercare or gardening.

Impact assessment of the voucher system in Belgium

In 2013 the total gross cost came to EUR 1 930.9 million, of which EUR 1 637 million in public subsidy, EUR 15.6 million for supervision of the measure and EUR 278.2 million to offset the tax exemption (IDEA 2014).

The direct effect in terms of additional jobs, the indirect effects in terms of the creation of new companies (primary indirect effects), the replacement of old jobs and the impact on users (secondary indirect effects) must, however, be taken into account. The direct effects include the reduced cost of unemployment (EUR 217 million), increased social security contributions (EUR 395.2 million) and increased income tax receipts (EUR 178.4 million). The primary indirect effects include increased corporation tax (EUR 17.7 million) and additional revenues from the hiring of supervisory staff (EUR 49.1 million). Finally, the secondary indirect effects relate to the savings involved in replacing the workers in the service voucher system (between EUR 106.3 and 212.5 million) and the supervisory staff (between EUR 7.7 and 15.5 million) along with additional VAT revenues (between EUR 10 and 34.9 million) and additional tax revenues from users who are now able to work more (EUR 297.9 million).

The net cost, taking into account primary indirect effects, therefore comes to EUR 1 073 million. If secondary effects are taken into account as well then the net cost falls to between EUR 445 million and EUR 584 million.

In France a voucher system has existed since 1994. The more recent form of voucher is called CESU (Chèque Emploi Service Universel) and was created in 2005. There exists two forms of CESU. First, a pre-printed chequebook named ‘declarative CESU’ (CESU déclaratif), which consumers can get from their bank. This chequebook serves to declare the employee to a public administration and then is used as a proof of legal expenditure. Second, a ‘prefinanced’ CESU, which is partly or fully financed by a company (the beneficiary’s employer for instance), a Works council, an insurance fund, a pension scheme, a local authority, etc. Firms or Works councils can buy them and use them as a ‘human resource’ instrument. Firms can benefit from tax reduction up to EUR 500 000 per year when they dispense pre-financed vouchers to their employees. Each employee can get pre-financed vouchers of up to EUR 1 830 per year. Local authorities and insurance can distribute vouchers to those in need (through the so-called ‘Social CESU’). The prefinanced CESU represented in 2011 more than EUR 640 million. There were 864 000 beneficiaries and their number has continued to grow since 2006. A total of 12 500 organisations used it that year. In 25% of the cases, it was used for childcare services.

The logic of these vouchers is to simplify the hiring of a service provider for some hours a week. They can also be used to buy the services provided by a company or association (then the beneficiary will not be the employer of the person providing the service, just the recipient of the service). Moreover this system guarantees the providers’ social rights.

In Italy, labour vouchers (Buoni lavoro) were created in 2003 but really came in use after 2008. They did not participate in a specific policy targeting the PHS sector; rather they were introduced in order to regulate occasional activities ranging from household services to agricultural work; occasional work in family businesses, housework, gardening, cleaning and maintenance of buildings, roads, parks and monuments; sporting events (also in favour of government entities); door-to-door and street vending of newspapers and magazines; private and extra tuition. All these activities share a high rate of undeclared work. These activities are characterised by an occasional and accessory nature. Only specific persons are entitled to work under the voucher system (in

particular long-term unemployed, housewives, students, retired people, non-EU citizens legally resident in Italy and within six months from the beginning of unemployment). The mode of operation of the Italian voucher passes through the promotion of direct employment only. There is no role for intermediate bodies or companies, as there is in Belgium for instance. Like in Belgium however, there is a fixed face value currently set at EUR 10. After the payment of social security and insurance contributions, the net value for the worker is EUR 7.50. A peculiarity of the Italian measure is that the limit is put on the employees’ income and not on the user’s level of purchases. Indeed, a person can be employed under the Buoni Lavoro scheme only up to a certain amount of income perceived. Since 2012 the limit is brought to EUR 5,000 and is considered as a total of all the contractors perceived by the worker and not related to the individual customer. There is therefore a key difference compared to Belgium or France for instance, that is the limit is not put on the maximum number of vouchers that can be purchased by users but on each worker’s income. ‘As a consequence, Anna-Maria Sansoni (2009) writes, the profile of individual users is not taken into account in the design of the system, whereas in the Belgian and in the French case, vulnerable users have the right to purchase a higher number of vouchers, in order to meet their daily needs, and are consequently entitled to higher social and fiscal incentives.’

As seen in a previous section, tax incentives have been introduced to encourage the purchase of vouchers (for domestic chores, up to a maximum of EUR 1,549.37 per year). The financing is made by the State (tax exemptions), Regions (which have the competency for personal services and are in charge of employment policies) and the social security system (INPS). In total, around 1.5 million vouchers were sold in 2011 and the progression has been important since 2010.

In addition to this measure, a decree enacted on 22 December 2012 also formally introduced an experimental mini-package to support employment of women for the next 3 years, including vouchers for 6 months to be used at the end of maternity leave as an alternative to parental leave. The 2012 National Plan for Families included measures to increase the availability, quality and affordability of childcare and long-term care services and to better reconcile work and family life (Presidenza del Consiglio dei Ministri, 2012). The Cohesion Action Plan also includes measures to promote access to childcare and elderly care facilities in Italian Southern regions and to accelerate the development and implementation of projects funded by Structural Funds. The yearly monitoring of the Plan, presented in November 2013, showed that a billion euro were allocated by the Plan to promote childcare services but not all resources were used, and only 55,000 additional places were created (Dipartimento per lo Sviluppo e la Coesione Economica, 2013). In August 2013 an Agreement between the State and regional and local authorities was signed to improve child care services. In view of improving the working conditions in the PHS sector, Italy was the first EU member state to ratify the C189 ILO Domestic Workers Convention in 2011, which entered into force in September 2013.

The Italian Parliament is currently discussing a universal voucher bill with the purpose of providing the PHS sector with an overall policy scheme through the introduction of a specific voucher system. The aim would be to maximise the effectiveness of spending by social care policies through a measure of fiscal equity that allows for a partial but significant deduction of hiring costs, and also to fight against undeclared work.

In Finland, the most recent policy development relates to the strengthening of the customer choice in the social and health care services. Alongside reforms in health insurance care reimbursement system that will not be dealt with here, and the tax deduction scheme that has been presented above, a main line of these changes concerns service vouchers. The scheme has concentrated on a few (big) municipalities, and it was first implemented in household services. Use of vouchers increased since a 2009 legislation change, but the problem is that detailed data on their use is unavailable. The share of household services was 11% of 2013 voucher expenses, about EUR 13.3 mln, while the total voucher expenses were EUR 117 mln in 2013 after a rapid increase since 2009 (EUR 20 mln). It has been claimed that the voucher system has somewhat benefitted private family day care. In the private sector, the use of voucher system may have hindered the use of outsourcing services. In addition, the use of vouchers is restricted to home municipality (Lith, 2015). The share of household services expenses of the total social and health care is about 3.5% and the share of outsourcing is about 23% (in 2012).

In the Netherlands, there is a small discussion about introducing the service voucher, inspired by the Belgian example. Employer’s association Actiz estimates that such a voucher will help about 20,000 people that are about to lose their jobs in the home care sector due to budget cuts for activities developed within the scope of the Act
WMO\textsuperscript{19}. However, such discussions have not yet sparked off a large political debate. Introducing a voucher system is also quite expensive and the government's aim has been to reduce expenses for long-term care and promote the Participation society. Rather, the government asks people to arrange informal care via family and friends.

Finally, there is no voucher system in place in Germany.

2.4. Specific work regulation

Alongside this bulk of measures aiming at fostering the demand of PHS, one can also observe different policies implemented from a supply-side perspective. These policies rely on a regulatory approach, that is an evolution of the regulation on employment with a view to facilitate the recruitment of workers in the sector.

To a certain extent, vouchers measures developed above also range in this category. They both encourage the demand of legally purchased services and facilitate the recruitment of voucher-workers. The introduction of vouchers in Italy on a very wide basis is directly linked to a will to regulate occasional employment and to combat irregularity in very occasional activities. In France and Belgium, vouchers have permitted to regularise activities that were thus far done informally or irregularly.

Other countries have developed specific regulation on occasional employment or more specifically on the PHS sector, but without developing any vouchers. This is the case of the Netherlands and Germany.

In the Netherlands, a specific status for workers in the housework service sector has been adopted for several years. Arrangement of cleaning services for individuals (\textit{Regeling schoonmaakdiensten particulieren} - RSP) ran between 1 January 1998 and January 2008 (after amendments in 2005). This arrangement facilitated employers in the cleaning sector in hiring unemployed on financially attractive terms. The aim was to create incentives for employers to hire long-term unemployed. The rationale was to promote direct employment relationships. However, after a negative evaluation it was abolished. It neither created enough jobs for long-term unemployed, nor managed to reduce the shadow economy sufficiently.

The Act has been adjusted a few times and new ways to improve the efficiency of the subsidy further was found to be too costly (Ministry of Social Affairs and Employment, 2005). Another aim of the Act, facilitating formal cleaning support in order to combine work and care, is still met by a provision that enables households to hire cleaning services without having to pay social security premiums for these services (Bekker and Wilthagen, 2014).

Since 2007, the Regulation on domestic work is implemented (\textit{Dienstverlening aan huis}; Service provision at home). This regulation defines a specific status for the relationship of the private domestic worker and the client, alternative to the classic employer-employee relationship. It establishes that such service provision does not constitute an employer-employee relationship as long as the weekly service provision does not exceed four working days. At a maximum, the employer can hire the employee for four days a week, either one hour, several hours or the whole day. A part of a day for one client counts as one work day. Around 95\% of the market of home-based services falls within the legal scope of this Arrangement. Under this arrangement, households neither need to pay taxes on wages nor are obliged to pay for social insurance premiums. Likewise, the worker is not ensured for employee insurances (UB, pensions, disability and the like). Yet, households do need to pay the service provider at least the minimum wage level, as well as holiday allowances and payment during illness and holidays. However, not all households are aware of these regulations, and even if they know the rules this does not automatically lead to payment during holidays and illness (Panteia, 2014). Regarding the legal apparatus it is worth mentioning that the Netherlands has not ratified ILO convention number 189 concerning decent work for domestic workers.

The government and the social partners have asked the Committee Service Provision at Home (Commissie Dienstverlening aan huis, 2014) to explore the policy options for this market in relation to this convention.

In Germany, the mini-jobs scheme does also follow a similar logic of flexibilisation and of creation of a specific work status. Generally, private households as well as personal and household service providers can choose between offering full-time or part-time jobs subject to social security contributions, midi-Jobs\textsuperscript{20}, or mini-jobs. Originally designed in particular for employment in private households, ‘mini-jobs’ have been introduced as a form of public support to marginal employment in the context of ‘Hartz’-reforms (April 2003). The main aim of the creation of mini-jobs was the creation of jobs in particular for unemployed people and to support the

\textsuperscript{19} \url{http://www.artz.nl/website/onderwerpen/dienstencheques-voor-huishoudelijke-hulp}

\textsuperscript{20} Midi-Jobs are registered jobs with monthly wages between EUR 451 and 850 and reduced social insurance contributions.
transformation of undeclared work into formal employment by a reduced level of social security payments both by employers and employees (and thus creating incentives for employers as well as jobless people to take up work). To promote registered minor employment (mini-jobs) and prevent illegal employment, the household cheque procedure (Haushaltscheckverfahren) was established together with the EUR 400 income ceiling for mini-jobs. This procedure is a simplification of registration and social security contribution procedures for private households (Minijob-Zentrale 2015b: 9). Since January 2013 minor employed persons (persons with a mini-job) are allowed to earn up to 450 EUR per month (EUR 850 with a midi-job) instead of EUR 400 per month (EUR 800 with a Midi-job). With this, the employment of minor employed persons became more attractive for private households as well as for personal and household service agencies.

According to Prognos (2012: 26, 28), 40 % of households drawing on the legal labour supply employed persons with a mini-job. The number of households employing PHS workers on the basis of a mini-job or midi-job (‘minor employed’) is larger than those employing PHS worker on a regular employment basis. The number of persons with a mini-job who were employed by private households in accordance with the household cheque procedure (Haushaltscheckverfahren) is constantly increasing since 2003. Compared to employment subject to social security contributions, more than six times as many persons were employed by private households on a mini-job basis at the end of 2014. In December 2014, 284 662 mini-jobbers were employed by private households representing 4.2 % of all mini-jobbers (Minijob-Zentrale 2015a: 10). Nevertheless, this impact on employment has gone with a massive increase of low pay and precarious forms of employment including the emergence of the ‘working poor’.

Graph 6. Persons with a mini-job (EUR 450) working in private households - Number of mini-jobbers (left-hand scale). Share on total number of mini-jobbers in % (right-hand scale), Germany


From December 2014 to March 2015, the total number of mini-jobs fell by -3.6 % (Minijob-Zentrale 2015b: 9). This decrease might result from the introduction of the minimum wage of EUR 8.50 per hour in January 2015. In the same period, the number of minor employed persons working in private households decreased only slightly by -0.3 % (Minijob-Zentrale 2015b: 6). Consequently, the share of mini-jobbers employed by private households on the total number of mini-jobbers increased from December 2014 to March 2015 from 4.2 % to 4.3 %. It seems that the introduction of the minimum wage affected minor employment in private households to a lesser extent than minor employment in the commercial sector.

2.5. Other measures to foster the supply-side

There are three types of approaches that can be observed regarding the development of a supply-side in the market of personal and household services.

22 To promote registered minor employment (mini-jobs) and prevent illegal employment, the household cheque procedure (Haushaltscheckverfahren) was established together with the EUR 400 income ceiling for mini-jobs from April 2003 within the framework of the Hartz II laws. This procedure is a simplification of registration and social security contribution procedures for private households (Minijob-Zentrale 2015b: 9).
First, some countries may develop initiatives to encourage entrepreneurship and the emergence of new companies (either for-profit or non-profit). France has developed many such measures in the context of the 2005 national plan to develop personal services, following a quasi-industrial approach passing through the emergence of new sufficiently large providers which would enable productivity gains. A better professionalisation and work organisation were supposed to increase productivity. As well, improving transparency and information on the sector was seen as a way to encourage demand. In this perspective, public authorities have encouraged the cooperation of provider organisations (together with other actors such as Mutual Insurance companies or retailers) in order to create national, large ‘platforms’ (enseignes nationales de services à la personne). These platforms were supposed to act as intermediaries between the demand and the supply. This strategy however proved to be a failure, households preferring to resort to local providers or to directly recruit employees rather than passing through such national intermediaries.

In Germany, a strategy consisting of improving transparency and information in the sector has also been developed. As the PHS market is characterised by many small and recently founded companies, and as many customers are often not aware of legal ways to obtain PHS, in principle databases on PHS could help to bring together demand and supply of PHS (Becker, Einhorn, Grebe 2012; Weinkopf 2014). Also, many private households employ illegal workers because PHS are often demanded at short notice (Von der Malsburg, Isfort 2014). Service platforms can help those households to find a PHS worker quickly. In North-Rhine Westphalia, an online PHS service platform (Datenbank Haushaltsnahe Dienstleistungen) for older people was established by the regional consumer advice centre (Verbraucherzentrale). These databases provide an overview about the legal supply of non-care services. They further provide information, e.g. about tax deductibility of PHS. Thus, the consumers’ access to the legal market is facilitated. According to the Federal Government, a Germany-wide database for PHS is planned (Deutscher Bundestag, 2014). However, this database will only provide general information about PHS, it will not give information about specific regional PHS providers.

Finland has also launched initiatives to develop the private market and to diversify the supply. These initiatives are to be connected with a diminution of public spending. In Finland, the main holistic intervention in the field of the welfare services was launched in 2009 in a form of multi-agent development programme HYVÄ (‘Good’) coordinated by the Ministry of Employment and Economy. The starting point of the project was the demographic change and the increasing need of labour in the social and health care sector (125 000 employees by 2025). The main rationale of the project was to reduce cost effects of public sector by opening up the social and health care sector markets, diversifying the services and production models, strengthening the customer choice system and finally promoting new business opportunities, growth and service exports in the sector. The measures included strengthening of public entrepreneurship consultation services (like web based service Yritys-Suomi) and training, promoting networking and co-projects in internationalizing, targeting and maintaining the level of LMP training in the sector, developing working conditions (Huovila, 2015), conducting surveys, renewing recruiting criteria and principles, and doing strategic work in the municipalities in coordination with the KASTE-programme (National Development Programme for Social Welfare and Health Care) (MEE, 2011). The programme ended in 2015 and was assessed to be successful (MEE, 2015), but no thorough evaluation study has been conducted on it yet, so its results won’t be dealt here in more detail.

Secondly, countries might also encourage the emergence of an individual formal supply-side, through immigration measures. Italy is in this case (Spain could also be mentioned). Several amnesties have been adopted in recent decades in Italy, which specifically target houseworkers or care workers. The first regularization of migrant workers, which occurred in 1979, only concerned domestic workers. In 1991 a legal derogation to the so-called Martelli Law stated that non-EU citizens could apply for work permit (before immigrating) to establish an employment relationship only for domestic activities. The 2002 amnesty was initially scheduled only for housekeepers and family assistants and only in a second moment it was also applicable to other employees. Moreover, in recent years the ‘flow decrees’ have guaranteed increasing regular admission quotas (up to 70% between 2002 and 2008) to domestic and care workers (Sarti, 2010). In 2012, another amnesty was approved, which regularized 134 576 foreign workers, of which 86% claimed to be domestic or care

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23 http://www.vz-nrw.de/az/link275512A.html

24 The Martelli law (Law n. 39/1990) treated the immigration issue by narrowing the flow of immigration, setting a pre-determined number of accesses (quota) and linking them to the job market. The persons entering the Country with regular documents but remaining after the expiration of the permit, or those exceeding the quota, are considered “illegal immigrants”. Illegal and irregular immigrants, as well as the ones who do not have the required qualifications, are expelled. The aim of this law was the regularization of immigrant workers who were exploited as irregular workers.
professionals\textsuperscript{25}.

It has been argued that amnesty measures are far from affecting the domestic work sector for at least two reasons. Firstly, even though families may have a low perception that they exploit immigrant workers when they irregularly employ them as family assistants, most of the issue is about the low risk of controls, complaints and penalties associated to non-regular employment. Secondly, as already mentioned above, there is an intertwining of mutual convenience to work irregularly and remain underground, for example by the registration of only a part of the hours worked (IWAK, 2011; Picchi and Simonazzi, 2014). As seen above, in order to fight against the emergence of undeclared work and to create regular jobs in the PHS sector, the Italian Parliament is discussing the introduction of a universal voucher.

A final group of measures that could be mentioned here concern public initiatives and incentives to develop job opportunities for low-skilled workers. In many countries PHS are associated with active labour market policies. There is a common assumption that will be discussed later in this review, consisting in saying that at least at a first level PHS do not require any specific qualification and that any person will be able to do this kind of activity. This is why local initiatives often managed by Public Employment Services, sometimes with regional, national and European funds, target people experiencing difficulties on the labour market offering them job opportunities in the sector. These opportunities are realistic given the number of vacancies and the difficulties to attract new employees. Some ESF-financed projects will be presented later when describing public initiatives to foster professionalisation.

Within the framework of a model project in Germany, eight personal and service companies were founded to create job opportunities for low-skilled workers in the Land Saarland in July 2004 (Görner 2006). One main problem for PHS providers is the fact that they are competing with cheap undeclared work. Therefore, within the model project the services of PHS companies were subsidised: starting from a financial grant of EUR 6.20 per hour in 2006, the state provision for PHS companies per household is EUR 3.50 per hour for up to 10 hours a month since 2012 (Weinkopf 2014). According to Görner (2006), PHS companies could do with less public subsidy because they could reduce labour costs and provide better quality services that commanded a higher price on the market. Funded PHS companies also invested in further training of their staff. Similar projects were carried out in other regions in Germany (Enste et al 2009; Weinkopf 2014).

In the Netherlands it is interesting to put the emphasis on the failure of the arrangement of cleaning services for individuals (Regeling schoonmaakdiensten particulieren - RSP) which ran between 1 January 1998 and January 2008 (after amendments in 2005). This arrangement facilitated employers in the cleaning sector in hiring unemployed on financially attractive terms. The aim was to create incentives for employers to hire long-term unemployed. However, after a negative evaluation it was abolished. It neither created enough jobs for long-term unemployed, nor managed to reduce the shadow economy sufficiently.

In Belgium alongside the principal voucher system there also exists another voucher called chèque ALE and implemented by local employment agencies (ALE). By means of this voucher which can be purchased by households, local authorities or companies, these agencies seek to reintegrate the long-term unemployed, those receiving integration income (revenu d'intégration) and some welfare beneficiaries into the jobs market.

These experiences sometimes relate more to occupational activities than to a real will to develop qualified occupations and to professionalise the sector. In this perspective, it is important to question the underlying assumptions about qualifications and skills on which these initiatives rely. To consider that PHS jobs can be easily realised by hard-to-place jobseekers can be contradictory with the professionalisation efforts done in most of the countries, and this might also feed the representation of the sector as one not requiring any qualification, therefore reinforcing its low attractiveness.

\textbf{2.6. Transversal analysis}

This section has reviewed the policies developed by the six countries in order to create jobs in the PHS sector. It is important to analyse which type of services are used. Both care and non-care services may be covered by these schemes. In France, childcare (26\%) and eldercare (31\%) services represent the core of domestic activities according to a French survey (BIPE 2012, Tableau de bord économique BIPE-ANSP, quoted in Morel 2013). In Germany or the Netherlands, the policies have also provided an answer to households’ childcare and eldercare needs; however in Nordic countries, these schemes are very little used for care services (Morel, 2013). In Finland

\textsuperscript{25} \url{http://www.interno.gov.it/mininterno/export/sites/default/it/assets/files/24/2012_10_17_Emersione_2012 – Report conclusivo.pdf}
a very large majority of the beneficiaries of the tax credit have purchased renovation services. A source of explanation of these differences lies in the institutional models. As Morel puts it: ‘These differences are clearly related to welfare state institutions, with the Continental European countries offering limited public child and eldercare provision, whereas the Nordic countries offer universal child and eldercare services that cover most needs – at least for childcare. Recent cutbacks or at least increased targeting towards those with greater needs in eldercare may nonetheless explain the high proportion of people over 65 amongst the users of these schemes in the Nordic countries also.’

The recent context has also put in evidence several governmental decisions to cut budgets relative to personal and household services. In this perspective, informal or irregular solutions may prove attractive again. Formal solutions are in competition with the black market which now can rely on very effective digital networks (some large websites may make it very easy to directly recruit someone irregularly, as observed in France for instance). In the Netherlands people seek ways to get informal and non-paid support, for instance by creating communities, also on the Internet (NPCF and STOOM, 2010). In this country in addition, the cuts in public budgets is directly motivated and rationalised by a new approach promoted by the government, that is the so-called ‘participation society’, meaning that people may look for support around them directly in their community. Some of the jobs lost due to budget cuts might be hired back by individuals who decide to pay for these services themselves, yet the nature of these jobs might not necessarily be the same, for example in terms of employment contracts, working hours, or social security coverage. Indeed in the Netherlands, the overall societal and political debate actually favours family and friends to voluntarily assist those in need of care, thus in a way transforming formal jobs into unpaid and informal services.

In Germany as well, one can find more or less similar measures to facilitate provision of PHS by families. Since January 2015, workers who provide nursing care for family members can reduce their working time down to 15 hours per week for up to 24 months due to a revision of the family care time law (Familienpflegezeitgesetz). Financial support is given via an interest-free loan, also pension and care insurance contributions are paid if the care workload is at least 14 hours per week. This measure promotes the non-market provision of PHS by family members. In Italy, despite regularisation measures, irregular work may still be quite attractive for migrant workers. All in all, the current context is characterised by an increase in the attractiveness of informal solutions, despite all the range of measures already existing.

Not all the initiatives mentioned here have been thoroughly assessed in terms of cost-effectiveness. There however exists some cost-benefit analyses that try to quantify the returns and earn-back effects of some of these measures in particular the tax deduction schemes or public co-financing of the voucher (in the case of Belgium). As already mentioned in earlier reports, methodologies often differ and even in the case of the analysis of one single policy, quantitative assessment may differ, depending on assumptions, data used or statistical models (see for instance the meta-analysis of French tax incentives made by Carbonnier, 2014).

Very important is the fact that these assessment surveys invite readers to go beyond a simple, basic analysis in terms of gross costs. Truly, these policies supporting the demand are very costly (in France all the measures taken together would cost more than EUR 6 billion yearly), but when taking into account the returns the appreciation may differ. In Finland, some reports suggest that the indirect effects would more than compensate for the initial spending, even though they are based on frail methodologies. In Belgium, the gross cost is eventually divided by two when taking into account direct and indirect earn-back effects. In France, however, recent surveys have emphasised the very high cost of each job created and have consequently pledged for a global reform that would consist in reducing these tax credits and reinforcing other social protection expenses (such as childcare means like crèches facilities) (Carbonnier, Palier, Zemmour, 2014). This would mean investing in other fields of personal services through the direct financing by the State of jobs, in public facilities answering social needs, rather than indirectly financing jobs (mainly in the direct employment model) which are of much lower quality.

The Commission’s Staff Working Document (2012) on PHS mentioned that ‘Public authorities should have a broad vision of the cost as often the department which invests and the one which receives the benefits are different. This will help to understand the real net cost of the public support given to job creation in this sector.’ The real net cost of policy interventions in the field of personal services needs to be taken under close consideration. Public intervention is necessary to reduce the face value of these services and thus make them competitive compared with undeclared forms of labour. But this investment needs to be carefully scrutinised in light of its effective returns. At the European level research projects working on defining better tools of assessment and reliable methodologies should be supported.
3. Employability and professionalisation

The future development of the sector will depend on the effective improvement of working conditions and quality of the service. The issue of quality of employment and working conditions is a major field of concern today. Several reports have already emphasised this need for improvement of working conditions and professionalisation (Cancedda, 2001; ORSEU; 2006; Farvaque 2013; etc.). Working conditions are central to the creation of jobs in PHS. Their attractiveness will increase only if working conditions are improved and the sector becomes more professional.

The following observation is not new: workers in PHS are mostly women, mainly working part time, with relatively low skills and often from migrant background. Legislations may place PHS workers on a par with other employees, or may reserve them a specific status leading to inferior conditions. The influence of collective agreements is important. In France, Belgium, or Finland, the status of these workers is not different and is regulated by binding collective agreements. In Italy, the collective agreement for collaboratori domestici regulates working conditions and stipulates different rights if the employee is cohabitant or not (in particular with regard to the maximum weekly working time). In Germany, collective agreements have partial coverage; some collective agreements are extended in certain sub-sectors (like eldercare or gardening) but a majority of workers in the non-care sector are not covered by a collective agreement. However, all workers are covered by the statutory minimum wage of EUR 8.50 per hour since January 2015 (with a transitional period up to 2017 or sector with lower collectively agreed wage levels). In the Netherlands, both employees in the home care sector as well as in the child care sector fall within the scope of a collective labour agreement, but social rights and job security will depend on whether or not the person is regarded to be a worker in an employer-employee relationship.

3.1. Working conditions

Job security

Job security differs from one country to another depending on the content of these collective agreements as well as the existence of specific regulations on employment. A first element concerning job security relates to the nature of the labour contract. In France, nearly 90% of employees in PHS are on open-ended contracts. Service provider organisations mainly offer open-ended contracts in order to attract new employees. In the direct employment model, the use of voucher supposes that the recruitment is carried out under an open-ended contract, even though it can be very easily terminated. The breaking of the contract supposes severance pay for the employee. A written contract is necessary except if very occasional work (if the employee is recruited less than 8 hours a week by one household, then the voucher can replace a written contract). In Belgium in 2013, 30.5% of new contracts (voucher contracts) were signed on an open-ended basis and 69.5% on a fixed-term basis. These contracts are signed with a PHS company, direct employment is not allowed under the voucher system. While there are fixed-term contracts lasting a day, a week or a month, since 1 September 2009 workers automatically obtain an open-ended contract once they have been working with the same company for three months. This is a very interesting practice leading to an improvement of working conditions of employees in the sector. In Italy, a written contract is necessary. But a specificity of the collective agreement concerns dismissal, as there is no need for employers to comply with the possible reasons for dismissal as defined by the Italian law, nor are they obliged to provide a written dismissal statement, which is however a precondition for workers to obtain unemployment benefits. In the Netherlands, in the broader sector of long-term care, which includes home care, there is also a trend towards growing flexible work. The percentage of open-ended employment contracts has been decreasing from 93.3% in 2007 to 78% in 2013 (AZW, 2014a). We have emphasised above the specific status for some workers who may fall within the scope of the definition of a PHS workers in the Netherlands. This specific arrangement, especially pertaining to cleaning services for households arranged on a rather informal basis, derogates from common law and diminishes the security and social protection of the workers, even though legal minimum wages are respected. The enforcement of this regulation is not always easy and not all households are aware of it. A similar issue arises in France, where many direct employers are not always aware of their duties as employers; they often consider their act as simple purchase of a service and not as a genuine employer-

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26 All employees who work for an employer within the home care and child care sector will fall within the scope of a collective agreement. Those who do not fall within the scope of a collective agreement are either working as self-employed, or are hired by private households on a rather informal basis. The latter group often consists of cleaning services for households (eg families with children), which is partly another type of work than performed in the home care sector, where it involves services to people who are ill or are old.
employee relationship.

The Netherlands are also characterised by a symptomatic element: that of a shift from regular employment contract to non-regular contracts. Moreover, some welfare arrangements may offer in-cash transfers to some persons (personal budgets) with which they can recruit personal carers. The introduction of this ran parallel with the emergence of bogus self-employment in the sector (box).

The introduction of the Act WMO in 2007 caused a shift in types of employment, most notably a shift from home care workers with an employment contract to the so-called alphahulpen: ‘Home helpers provide domestic care and are not employed by home care institutions, but work for the client. The care institution merely mediates between client and home helper’ (Statistics Netherlands, 2009: 1). These alphahulpen often provide services such as cleaning houses, yet often to people who receive public money to buy-in such services. Generally these people have a low level of education. A judgment by the Dutch Court addressed the employment relation of alphahulp en and judged that this may be seen as bogus self-employment, after which this type of employment decreased and was transformed into work offered via other employment constructions. The newly introduced rules in the home care sector in 2015 have brought back the fear of re-introducing the alphahulp or bogus self-employment, and there are political debates on this topic (nu.nl, 2015; Ministry of Social Affairs and Employment, 2015). Dutch PES (UWV, 2013) says that there are no reliable numbers about self-employed and temporary agency workers in the home care sector. Yet, it does find that the home care sector has deviating employment relations in comparison with other sector in health care. It has much less employees on open-ended employment contracts and much more people with on-call contracts (UWV, 2013).

Still regarding job security, PHS in Germany are characterised by a high level of precarious jobs, due to the mini-job scheme. The high share of mini-jobbers in both the care and the non-care sector indicates that a large part of employees will lack sufficient pension entitlements in the future. However, mini-jobbers have entitlement to paid leave and sick days as well as maternity leave. The trade union DGB (2012) spoke of the private employer as an employer in a ‘legislation-free zone’.

Working time

Working time is a central issue in PHS. Non-chosen part-time is quite widespread in some countries and this fringe of employees who do not work as long as they would like are trapped in a low-wage situation. In Belgium in 2013, only 11.2% of workers were employed full-time while 24.6 percent were employed between half and full-time and 64.2% less than half time. There are important differences according to gender. Men benefit from full-time work in 25.3% of cases while women only work full-time in 10.8% of cases. The proportion of workers in full-time employment is increasing (10.4% in 2009). The average number of hours actually worked has been increasing since 2005. It was between 18.4 and 22.1 in 2013, depending on the source. In France in 2010, 87% of employees work part-time. Homecarers working for a provider organisation tend to have longer working times.27 More than one housekeeper out of two works less than 20 hours per week, while the share is 30% of homecarers. 30% of employees, whatever their current type of employer, wish to have longer working times. In Germany, according to micro-census data in 2011, around three quarters (168 000) of the 227 000 employees in private households, work fewer than 20 hours per week.

In order to improve working conditions, a strategy would therefore be to increase working time for voluntary workers. This would lead to higher wages and thus reduce the number of employees under the low-wage threshold. In France, this strategy has been followed by several service provider organisations. Most organisations have ‘annualised’ the working time of their employees (through an agreement between social partners) and therefore pay the same wage every month. It is then the responsibility of the employer to find clients for the employees. Doing so, they can ensure their employees a minimal level of interventions and therefore more security. By contrast, independent workers who are directly recruited by households are directly responsible for their own working time. They have to bear the cost of insecurity, which directly lies on their shoulders. At a general level, this might lead to question the employment model on which voucher schemes rely, which might in some cases when embedded in direct employment models come closer to casual and portfolio work (see Eurofound, 2015).28

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27 The figures provide from the Employment Survey conducted by the National Statistics Institute and do not compare sectors/collective agreements or “employment models” but professions as declared by employees. In a large majority however, homecarers are recruited by provider organisations while housekeepers work for direct employers.

28 According to Eurofound (2015), “casual work is a type of work where the employment is not stable and continuous, and the employer is not obliged to regularly provide the worker with work, but has the flexibility of calling them in on demand. The European Parliament (2000) defines casual work as ‘work which is irregular or intermittent with no expectation of continuous employment’.”
The counterpart of such a strategy to of increasing working time is that this also increases the degree of difficulty of the work. As shown by a French survey on domestic care workers, the longer the working times, the harsher the working conditions (Messaoudi et al., 2012).

Another issue here concerns the calculation of effective working time. The nature of work (at different recipients’ home) makes that by nature working time will be fragmented. There are many ‘non-productive times’ (journeys) that are not always duly paid. In France the most important collective agreement in domiciliary care does not establish the payment of these working times. A recommendation could be that every hour worked should be paid. In the French case, once all these non-productive times are taken into account in the calculation, researchers have estimated that actually 1 hour of intervention represents 1 hour and 23 minutes of ‘constrained time’. Taking this as a reference, a week of 26 hours effectively worked at the home of clients would be equal to the legal weekly working time in France (35 hours). This raises a statistical but also a policy debate about the real meaning of ‘working time’ in such professions (Lefebvre, 2012). A recommendation could be to develop the logic of ‘equivalence working hours’ which are already developed in other professions (for instance a teacher is paid on the basis of a full-time job, even though s/he does not dedicate all this time directly to teach students in a classroom).

Only at this condition may PHS jobs be seen as offering good working conditions and gain a better image.

**Wages**

Wage levels are directly dependent on working times, even though minimum hourly wages may be fixed by collective agreements or should stick to national law.

In Belgium, the voucher workers benefit from a salary on a fixed scale established by their joint commission (i.e. their collective agreement). In 2013 the gross hourly salary was of EUR 11.06. They also have the right to full social protection (health, unemployment, family benefits, etc.). The voucher contract is thus associated with the same conditions as any other worker.

In Italy, the national collective agreement classifies eight levels of profiles, each one having a specific salary. The levels range from A, for domestic workers with no experience, to super level D for trained and skilled family assistants who take care of non-sufficient persons. Family assistants’ profiles correspond to the following levels: super level B (assistant to self-sufficient individuals, monthly salary for the year 2015: EUR 845.80); super level C (individual assistance to non self-sufficient individuals, unskilled, monthly salary for the year 2015: EUR 958.58); super level D (individual assistance to non self-sufficient individuals, trained and skilled, monthly salary for the year 2015: EUR 1 184.12).

In France there are three collective agreements in the field of personal and household services (one for non-profit associations, one for for-profit companies and one applying to direct employment). All these three collective agreements respect the national minimum wage which is fixed at 9.61 EUR/hour (gross rate) since 1 January 2015. This corresponds to 7.32 EUR in net terms. This is then the first wage level in the collective agreement and they might modify their wage scale to stick with this national minimum wage. To give an example, the collective agreement of ‘particulier employeur’ (direct employment) has defined five levels of qualification. The minimum branch wage for the first qualification has been increased to stick on the national minimum wage (Table 4). The collective agreement for the domiciliary care sector has defined 9 levels of qualification (from employees to managers) with a corresponding wage grid which also respects the national minimum wage.

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29 The analysis is based on care work for dependent persons. See Devetter F.X., Barrois A. (2012).
30 This idea is for instance promoted by F.-X. Devetter, see his intervention at the French National Assembly on the impact of the reduction of working time: [http://www.assemblee-nationale.fr/14/rap-eng/c2436.asp#P3460_626930](http://www.assemblee-nationale.fr/14/rap-eng/c2436.asp#P3460_626930)
Table 4. Minimal wages in the collective agreement of direct employment, France

<table>
<thead>
<tr>
<th>Qualification</th>
<th>Criteria</th>
<th>Minimal wage according to Collective agreement (2012)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>Executant, under the employer’s responsibility</td>
<td>9.49 → 9.61 to stick on 2015 national minimum wage</td>
</tr>
<tr>
<td>II</td>
<td>Professional competencies and initiative capacity.</td>
<td>9.68</td>
</tr>
<tr>
<td>III</td>
<td>Responsibility, autonomy, experience. Recognised qualification ‘life assistant’</td>
<td>9.88</td>
</tr>
<tr>
<td>IV</td>
<td>Full autonomy and responsibility</td>
<td>10.07</td>
</tr>
<tr>
<td>V</td>
<td>Highly qualified</td>
<td>10.37</td>
</tr>
</tbody>
</table>

In France, in 2010, on average, an employee received EUR 8 700 (gross salary)\(^{31}\) a year. The monthly average net wage for houseworkers (employés de maison) was EUR 687 in 2010, for an average of 21 hours worked a week\(^{32}\). In comparison, domiciliary carers (aides à domicile) earned on average EUR 838 per month for more than 27 hours worked a week. 76% of houseworkers were below the low-wage threshold (EUR 1 016) in 2010. The situation is thus characterised by low effective wages even though the mean hourly wage is of approximately EUR 12.30 (gross), representing 1.4 minimum wage (Benoteau et al., 2013). Contracts with private individuals are generally better paid compared to contracts with providing organisations (Graph below). The mean hourly wage for employees directly employed by private individuals is EUR 12.50 compared to EUR 10.80 for employees working for providing organisations. One element of explanation lies in the stronger bargaining power of some employees directly employed by individuals. Another, is the fact that some activities with higher hourly wages (like school support or remedial classes) are most often provided under this model.

Graph 7. Wages (gross) in the personal sector: differences according to the type of employer, France

Source: Benoteau et al. (2013)

In Germany, finally, a general minimum wage (of EUR 8.50) came into force in January 2015. At the moment, wages below the minimum wage are legally allowed for sectors where contractual minimum wages below EUR 8.50 are determined by sectoral collective bargaining agreements. From 2017, the statutory minimum wage is binding for all sectors. Sectoral collectively agreed minimum wages are valid for the non-care activities gardening and building cleaning (see Table below). While the collectively agreed minimum wage for building cleaning in the old Länder including Berlin is higher than the general minimum wage, guaranteed payment for gardening services stays below this level in East Germany in 2015 as well as in 2016.

\(^{31}\) He/she also received on average EUR 3 100 (gross) for activities in other sectors than personal services.

\(^{32}\) Source: Enquête Emploi, see Lefebvre (2012).
Table 5. Collectively agreed minimum wages in the non-care sectors gardening and building cleaning. In EUR per hour, Germany

<table>
<thead>
<tr>
<th></th>
<th>gardening</th>
<th>building cleaning</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Old Länder (including Berlin)</td>
<td>New Länder</td>
</tr>
<tr>
<td>From January 2015</td>
<td>7.40</td>
<td>7.20</td>
</tr>
<tr>
<td>From January 2016</td>
<td>8.00</td>
<td>7.90</td>
</tr>
<tr>
<td>From November 2017</td>
<td>9.10</td>
<td>9.10</td>
</tr>
<tr>
<td>From January 2017</td>
<td>8.60</td>
<td>8.60</td>
</tr>
<tr>
<td>From November 2017</td>
<td>9.55</td>
<td>8.50</td>
</tr>
</tbody>
</table>

Source: German Federal Government

In the care-sector, a minimum wage is being enforced since 2010 (see Table 6). This minimum wage is valid for outpatient nursing service companies; explicitly excluded from these statutory minimum wage regulations are occupations in the non-care services sector: cooking occupations, house cleaning occupations, domestic economy occupations, or gardening occupations. In 2015, the care sector minimum wage exceeds the general minimum wage of EUR 8.50 by EUR 0.90 in the old Länder and by EUR 0.15 in the new Länder.

Table 6. Minimum wages in the care sector - In EUR per hour, Germany

<table>
<thead>
<tr>
<th></th>
<th>Old Länder</th>
<th>New Länder</th>
</tr>
</thead>
<tbody>
<tr>
<td>From August 2010</td>
<td>8.50</td>
<td>7.50</td>
</tr>
<tr>
<td>From January 2012</td>
<td>8.75</td>
<td>7.75</td>
</tr>
<tr>
<td>From July 2013</td>
<td>9.00</td>
<td>8.00</td>
</tr>
<tr>
<td>From January 2015</td>
<td>9.40</td>
<td>8.65</td>
</tr>
<tr>
<td>From January 2016</td>
<td>9.75</td>
<td>9.00</td>
</tr>
<tr>
<td>From January 2017</td>
<td>10.20</td>
<td>9.50</td>
</tr>
</tbody>
</table>

Source: Bundesanzeiger

Finland is characterised by a highest average wage, principally due to the importance of public employment in local authorities, more often full-time and subject to scale salaries. According to the calculations of the Association of local and regional authorities, the average pay level is EUR 2 53433 per month with 200 working days per year, 2.5 household calls per day and 7.25 working hours per day.

All these elements suggest that negotiation at the branch or sectoral level is fairly important, in particular because it fixes wages for each qualification. However in the case of social markets, that is markets with a predominance of public purchases and financing, the bargaining between social partners has to take into account the institutional context in which services (more specifically care services) are embedded. The case of the Netherlands illustrates this. In the Netherlands, both employees in the home care sector as well as in the child care sector fall within the scope of a collective labour agreement. The home care sector has a collective agreement with adjacent economic sectors, being the institutionalised long-term care, postnatal care at home and youth care (sector VVT). The collective agreement contains agreements on wages, payment of overtime, working time, holidays and leave schemes, and training and education. The current collective agreement runs between 2014 and 2016, yet was not concluded easily.34 The main goal of the negotiating parties on both sides of industry was to set a minimum hourly wage for employees who provide cleaning services at home, in order to prevent further dumping of wages for this profession. Finally parties agreed to set this minimum at 10 EUR per hour35. Yet, the social partners also realised that municipalities generally establish a rate of remuneration below 10 EUR when defining terms in their call for tender (Actiz, 2015; CNV 2014). Thus, there is often a gap between the remuneration of the municipality and the salaries organisations in the sector pay according to the collective agreement. Therefore negotiating parties came up with the plan to ask the national government to install a generally binding rule (Algemene maatregel van Bestuur; AmvB) in which the government may set out nationally applicable rules in a binding decision. In this case, the decision should bind all national actors to the minimum tariff, also meaning that municipalities should take this minimum tariff into account when putting together the

33 Always adapt to the rather heavy taxation of incomes as well as to the high level of overall living expenses in Finland and especially housing expenses.
35 The national minimum wage for people aged over 23 is 69.31 EUR per day, which is thus less than the minimum of 10 EUR set in the elder care care collective agreement.
call for tender. It also means that organisations outside the VVT sector, such as companies in the cleaning sector, cannot offer to do the work below the minimum price, thus preventing unfair competition from companies outside the VVT sector. The need to set a minimum in order to prevent wage dumping is strongly related to the decentralisation of tasks in the social domain to municipalities combined with large budget cuts, which makes that municipalities seek for more cost-efficiency when buying-in certain services.

In the child care sector the current collective agreement expired on January 1st 2015, and a new one has not been agreed upon due to difficulties in the negotiation process. Employees who were already working in the sector keep falling within the scope of the expired collective agreement, yet newly hired workers do not fall within the scope of a collective agreement. Trade union FNV (2015) fears that the child care sector is becoming a sector with fierce competition on price, also reflected in practices of employers opening new locations for daycare with newly hired personnel that works without being covered by a collective agreement. These workers are cheaper, as they are less likely to benefit from collective agreement arrangements such as wage increases, holidays, schooling, etc.

This example is very interesting because it highlights a tension that will be also emphasised when talking about professionalisation issues. This tension takes place between, on the one hand, legitimate concerns by social partners to raise working conditions in particular through better wages, and on the other hand budget pressures on public authorities leading many of them to research the lowest price possible. The competition principle which lies behind tendering or contracting-out procedures often puts economic conditions (the cost) before the quality or nature of the service.

**Working conditions**

Beyond the issues already mentioned so far concerning working time and low pay, there are other observations that can be made concerning working conditions. Working conditions in the care sector are characterised by a high physical and mental strain and an increasing work load. Evidence is given by several reports, in Germany (Federal Institute for Occupational Safety and Health 2012), Finland (Laine et al., 2011) or France (Messaoudi et al., 2012) for instance.

A first noticeable element is the rise in intensity of care, with the increase in social needs (ageing of the population, more persons suffering dementia, etc.). In Finland, a policy goal is to keep older people living at home for as long as possible36, which means that the caring has also become more intense. According to the survey by the Finnish Union of Practical Nurses (SuPer), the well-being at work was the lowest in social care and more specifically in elderly care. 70 % of the respondents were working in the public sector and 30 % in the private sector (ASSE 2015). According to a recent survey, the level of quality of working life in municipal household services was below average (3.43 on a scale from 1–5) in 2011 but it had increased by 0.6 points since 2009 (Jokinen, Heiskanen, 2013). One explanation for the problems in the well-being at work in caring activities may relate to the lack of the prestige compared to the health care sector (ibid.).

Some research surveys permit a comparison between the different types of activities. For instance in the case of a French research, it is confirmed that employees providing services to sometimes very dependent persons are highly touched by the hardship of work. Messaoudi et al. (2012) have built a synthetic indicator of job ‘hardness’ (pénibilité). The first factor leading to feeling hardness is due to physical efforts, followed then by the work environment (dirty or unhealthy homes) and the specific situation of the beneficiary (physical or mental abilities). According to this research, 46 % of employees working for a provider organisation have felt a high degree of hardness at work, compared to only 8 % of employees directly recruited by a household. The latter have more latitude as they may select their own employers, which in turn is not possible for employees working for organisations. Employees recruited by PHS organisations often have very complex cases (in terms of dependency of the users) and the work is consequently very demanding. As a result, this study shows that employees recruited by direct employers are less exposed to work-related stress than employees working for organisations. 37 % of the former are subject to a risk of job strain (i.e. a form of psychosocial risk that arises when the demands of work are important and the employee does not have enough individual or collective resources to cope with them) compared to 20 % of the latter.

In the Netherlands, a large percentage of organisations report an increase in work pressure (AZW, 2014b). This is valid for organisations in the child care sector (54 %) as well as for organisations in the home care sector (45

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36 Based on interview with Association of Social Service Employers, 20.5.2015.
In 17% of child care organisations and 20% of home care organisations, this work pressure has led to problems, such as more sickness absenteeism, more over time, more complaints from personnel and more conflicts at the work floor.

Graph 8. Percentage of organisations/employers that sees change in work pressure in the past year and percentage of employers that experiences problems due to work pressure, the Netherlands

Finally, when considering the topic of working conditions, the specific situation of some workers may be given attention, that is migrant workers and undeclared workers. In many cases migrant workers are also undeclared. In Germany, it has been observed that in the care sector, working conditions are opaque especially for persons from abroad. It is estimated that around 100,000 illegal workers from abroad work in the German PHS sector. These persons often carry out tasks that they are not qualified for and work more hours than they are allowed (Von der Malsburg, Isfort 2014). As they are not registered, they work without social protection (ibid.). Furthermore, in the context of 24 hours care arrangements carried out by commuting migrant workers living in the household of the elderly persons who need care, the probability to work more hours than allowed is high. In Germany, only recently, working conditions in the sector have received some public attention, in particular regarding the situation of migrant workers. In the context of demographic change, labour shortages and working conditions for migrants in the sector are under debate. In 2013, Germany ratified ILO Convention 189 for Domestic Workers. Trade unions and NGOs have stressed that working and living conditions for commuting migrant workers are of particular concern.

In Italy, despite the advanced labour legislation, Italian immigration policies have also contributed to affect employment and working conditions in the sector. Even though the law recognises the general principle of equality of treatment between Italian and regularly resident foreign workers with respect to labour and civic and social rights (as well as duties), migrant workers are subject to great vulnerability related to their legal status. According to the current immigration law, migrant workers’ legal and employment status are closely related: the duration of the residence permit for employment is usually linked to the duration of the job contract and even in case of open-ended contracts the duration of permits cannot exceed two years. Only after five years of regular residence in Italy (and other conditions), migrant workers may be granted a permanent residence permit. As a consequence of these provisions, migrant workers are frequently in a weak position and thus more inclined to accept sub-standard working conditions in order to be able to maintain their legal status.

Even when regularly employed, such as under the Belgian voucher system, it may also appear that non-native workers are at a disadvantage (IDEA 2012). Non-EU workers have a higher turnover, need more time to find a job in the system and are more rapidly directed towards the service voucher system by unemployment offices, meaning there is less chance that they have consciously chosen to work in this system. They also hold more fixed-term contracts and would like to be able to work more hours.

To put it more generally, undeclared workers are very often in a situation of vulnerability and with no social rights. Some may deliberately chose to opt for undeclared work, considering the short-term higher incomes compared to a regular job contract. Other forms of justification may also put forward the ordinarness of undeclared work (Heim, Ischer, Hainard, 2011). But in the end the long-term effects of this form of ‘employment’ are rarely incorporated in the decision of workers, who prefer the short-term gain.

In this light, fighting undeclared work in the PHS sector should become a real priority at the European level, even more in a context where undeclared employment seems to become more attractive, being given the budget cuts in supporting policies, the lower effectiveness of these measures, and possibly the banalisation of new marginal and irregular forms of employment. The future European Platform on undeclared work currently
under discussion between the Council and the European Parliament is one obvious arena to think about the best initiatives and policies to do this. The establishment of a specific working group on PHS would be very positive in this respect.

3.2. Skills, qualification and professionalisation

Measures to improve working conditions cannot but go hand in hand with measures to improve the professionalisation of workers, in order to create quality jobs and to ensure a better quality of service. Quality of work and quality of service are very much intertwined, and the issue of developing skills and working conditions is central. This has been emphasised in the voluntary European Quality Framework for social services promoted since 2010 by the European Commission the Social Protection Committee. This framework notes that: ‘Better defining social services’ quality also responds to the need to address a demand for social services that is becoming more complex and diverse, as well as to the need to protect those among social services’ users who are more vulnerable and to improve the outcomes of social services for users and other stakeholders. Users are increasingly demanding more control over their own lives and the services they benefit from. Moreover, as the quality of the service is closely related to the skills and working conditions of workers in this sector, the debate on social services’ quality can help to identify skills, training requirements and the improvement of the working environment, thus contributing to the further development of the ‘white-jobs’ sector’ (emphasis added).

The word ‘professionalisation’ can have several meanings. We will use this term to refer to the improvement of skills in the reviewed sector, both in a descriptive and a more normative sense. From a descriptive point of view, the word can be used to describe the state of play of the supply and demand for training, the skills needed, the recognition of qualifications, etc. The term also points to the fact that PHS activities are more and more provided ‘professionally’, i.e. regularly; in this perspective the idea is to emphasise the transfer of activities from the informal sector to the formal one. From a normative standpoint, professionalisation also refers to the different initiatives and measures taken to ensure that workers are better qualified, with a view to improve both the quality of employment and the quality of the service. To ensure quality services, one can say that workers should notably have the right skills and training (initial and/or continuous training), and it should be ensured that those skills are recognised.

Users and clients are themselves pushing for professionalisation and in this sense, professionalisation can be seen as a consequence of the marketization of services. Users or 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. Freedom of choice has become a general motto for many reforms in PHS including to a large extent care services.

The professionalisation of PHS, through greater formalisation, the development of qualifications and increased training, may have advantages and disadvantages (Cancedda, 2001). As a European Foundation report (2006: 43) puts it (for social care activities): ‘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.’

In the following paragraphs we will give a general overview of professionalisation of PHS in the six countries, with a focus on current initiatives and an overall analysis concerning such advantages and disadvantages.

A sector with low qualifications

It has proven difficult to obtain comparable data on skills and qualifications in the PHS sector for the six countries. When existing, the quality of data is often uncertain. For instance, data from Germany report a high percentage of persons who completed training (62 %), but this figure is misleading as the number of career-changers in the PHS sector is high (Becker, Einhorn, Grebe 2012): it does not necessarily indicate that the training was completed in a PHS occupation like ‘trained housekeeper’ (Hauswirtschafter). The number of people with a first professional career is high in PHS and for this reason continuous training is of crude importance to retrain these persons. It remains that a high proportion of employees in the sector are no qualified or low qualified. In Germany, around half of employees of building cleaning PHS companies were low qualified (Becker, Einhorn, Grebe 2012). In

37 A Voluntary European Quality Framework For Social Services SPC/2010/10/8 final
France, the sector of personal services is obviously a sector with **low qualified workers**. The majority of employees have little or no qualification. According to Employment survey data, 70 % of housekeepers (mostly recruited under direct employment model) and 50 % of home carers (mostly working for provider organisations) have little or no qualification (Graph below). Only 15 % of the employees in PHS have at least the Baccalauréat degree (upper secondary education or higher).

The most important level of qualification for domiciliary workers corresponds to an ISCED level 2 (DEAVS) which is owned by around 30 % of workers. In companies or associations, the most complex tasks are often left to these most qualified workers. It is necessary to have this qualification to work as a personal carer but not for simple tasks like cleaning the home. Employees directly employed by private individuals do not have minimum requirements in terms of qualifications. As can be seen in the following graph, this is the profession less qualified as far as PHS are concerned.

**Graph 9. Qualifications in PHS, France (2010)**

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 often constructed in reference to the domestic labour traditionally done by women at home. In the French cases, sociologists have written that ‘the reference is the domestic labour which is performed for free in the intra-family relationship, distinct from any marketed relations. As a result, when a marketed relation is established with an external worker, this relation is first seen as an auxiliary to the family relationships’ (Clergeau, Dussuet, 2005). 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 and activation policies, targeting (long-term) unemployed persons, are present in this sector. There is therefore a well widespread assumption that anyone could do this work.

This assumption is even reinforced by the qualification frameworks in place in some countries. In France, since 2002, a sectoral agreement in the elder care sector 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 is also the case in the collective agreement of direct employment. This absence of minimal requirement of qualification, either in the care sector or in housework, is sometimes emphasised by the Public Employment System to motivate non-qualified people to enter the sector. Non-qualified migrant (female) workers are often oriented towards these jobs as there are many job vacancies. In Italy, in the field of social cooperatives, a similar assumption seems to prevail. Qualified workers need to hold a specific diploma as social operators, which corresponds to specific training followed by an examination. But although training is compulsory for social care workers, there is no such requirement in the case of domestic and care workers. In 2013, the national collective agreement included compulsory trainings only for foreign workers to renew their residence permit.

This general ‘low qualification’ assumption is to be combated. It is not true that anyone can provide PHS. These activities require specific skills that are often underestimated, either technical or relational as stressed above in this report. Workers are not just substitutable. German reports have stressed that in non-care services, many soft skills are required such as language skills and language competence (especially when working with children.
or older people), good manners, thoroughness, and the ability to work independently (Deutscher Frauenrat 2013). Relational skills are of utmost importance in these activities (ORSEU, 2006). To be qualified also improves the worker’s capacity to deal with hazards, to meet high demands on flexibility to meet customer needs (Enste et al. 2009) and also to cope with physical burdens and mental strain (Messoudi et al.; 2012). As a consequence, regarding the importance of activation programmes that consider the sector as offering many opportunities for jobseekers, it might be stated that it is a misconception to believe that hard to place long-term unemployed persons can assimilate into a PHS work environment without difficulty (Becker, Einhorn, Grebe 2012: 79-80; ORSEU 2006).

Actors in the field 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 widespread. However professionalisation has a cost at least at two levels: on 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 cost of training is a barrier to professionalisation and as a consequence, despite the discourse in favour or professionalisation, in practice in countries such as France, many organisation managers are reluctant to recruit only people with a diploma and recruit on the basis not of qualifications but of apparent competencies, based first on private knowledge, acquired from personal experience rather than formal training (in the French case, see Clergeau and Dussuet, 2005).

Initiatives to improve training and qualifications

National or regional initiatives to improve qualifications

In all countries, a common awareness of the importance of qualifications can be witnessed. This field remains a strongly regulated domain where the State or regional authorities keep 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 beyond the scope of this review. Continuing training and life-long learning are developing in the different care organisations in Europe which see the upgrading of their workforce as a necessity in order to provide a quality service.

Formal training might be organised at different levels. In Belgium, training appears as a central commitment of public authorities. Indeed, training funds have been set up taking into account both the cost of training and the compensation for the hours of work which overall looks like a good practice. Social partners (labour unions and employers) have also worked together to increase the educational level of active workers in the PHS sectors by setting short-term training objectives. Germany relies on the dual training model as far as non-care services are concerned. The corresponding three-year dual training occupation is ‘trained housekeeper’ (Haushaltshelfer) (Deutscher Bundestag 2014). In Italy, training is decentralised at the regional level. Fourteen regions (out of twenty) have defined the terms and contents of the training course for family assistants (Acli colf 2013). The minimum standard of hours of family assistants’ training varies from 120 to 400. As far as babysitters’ training is concerned only some Regions, mostly in the North of the country have financed initiatives in this field. Regarding the decentralisation of training to the regional level, and the divergences that result in terms of the number of hours for instance, Italian trade unions have raised the debate about the necessity to introduce a nationwide system of qualification with common rules about content, duration and certification. In this country, the emergence of irregularities is linked to the current insufficient development and professionalization of this employment sector. With respect to this issue, a recent legislative proposal (about the creation of a universal voucher) is clear in stating that ‘it is necessary to implement policies to qualify care and domestic work by introducing homogeneous standards and giving full recognition to the professional figure of the family assistant’.

Another trend, which is not new, is the development of specific qualification schemes that can be achieved through recognition of prior learning and skills. In Finland, a three-year competence-based basic vocational qualification in Household and Consumer Services was established in 2000 as part of Tourism, Catering and Home Economics Sector (ISCED 3). In Germany in 2013, the Federal Ministry for Families, Senior Citizens, Women and Youth promoted the development of a skill classification ‘curriculum’ for non-care PHS services. According to the

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38 Since 11 July 2007, there has been a Service Voucher Training Fund to improve the training of workers in this sector. This Fund enables the partial reimbursement of training costs (internal or external to the company). The amount granted for internal training is EUR 40 per hour, plus a reimbursement of management costs of EUR 10 per half day and offsetting of the salary costs by an amount of EUR 14.5 per hour. A higher level of reimbursement is also envisaged for newly-employed workers who were previously unemployed or receiving integration allowance. In this case, the amount is EUR 150 for a minimum of nine hours of training and EUR 350 for a minimum of 18 hours.
Federal Government, this curriculum could be used to assess the skills and qualification of career-changers who want to become a trained housekeeper (Hauswirtschafter) (Deutscher Bundestag 2014). Since 2002, the French system offers a certification of vocational experience called VAE (‘validation des acquis de l’expérience’). Workers can ask to have their professional experience recognised in a certified qualification, which should help them to gain promotion. In the field of PHS sector in most cases this qualification is the DEAVS grade (ISCED 2). 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 eldercare sector, many organisations have implemented internal procedures to help and encourage workers to undertake this qualification process.

The assessment of this process highlights interesting issues when analysing professionalisation initiatives. In France, 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 because internal work organisation is disrupted less by the absence of the worker). Employees 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. A recommendation would therefore be to ensure the equal capacity of employees to make use of this right and to help some of them (working directly for households or within the smallest structures, or workers with low seniority) to have this right really enforced.

In France, access to formal recognition of competencies in PHS through this scheme was important in the mid-2000s. However, the number of beneficiaries of this vocational training has never stopped decreasing since, as the following graph illustrates. This can be explained by the fact that a lot of provider organisations have used this scheme to have a higher internal level of qualifications. This has been done in the years following the implementation of the scheme (in 2002), benefiting after 2005 from an important promotion by public authorities. Today, these organisations seem to have reached a satisfactory level in terms of qualifications and limit the access to this scheme, in order to control the wage structure.

Graph 10. Number of applicants for a formal recognition of competencies (French scheme VAE), 2006-2012

Still in France, 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.
European-funded programmes

A diversity and richness of local programmes

In addition to these national or regional programmes, in all countries specific programmes have been financed through European funds, generally at a more local level. Programmes financed by the European Social Fund target unemployed people, inactive people or unskilled people following the logic of active labour market policies. These programmes can be implemented locally or under a larger banner. Some innovative elements can be pointed out.

In Italy for instance, the Action System for the Development of Integrated Services to the Individuals (Azione di Sistema per lo sviluppo di sistemi integrati di Servizi alla Persona project – AsSaP) has been launched within the framework of the 2007-2013 European Social Fund in four Regions: Campania, Puglia, Calabria and Sicily. These regions may decide to grant money transfers to families hiring workers who have participated in the AsSaP project and have completed their training courses. One aim of the project is to offer opportunities of employment in PHS as cleaners and caregivers. PHS users can either be private families or entrepreneurs, as long as they want to hire PHS workers trough permanent or fixed term contracts for a minimum duration of 12 months.

This programme contains a very innovative measure in the form of training vouchers. Training vouchers have been implemented as an incentive system to promote professional qualification in the sector. They are allocated to trainees and potential workers in order to give them access to jobs offered by the intermediation agencies involved in the project. The training vouchers are paid to the agency only if the worker has completed the course and has signed a permanent or a fixed term contract for a minimum duration of 12 months. Two different cash incentives are offered: EUR 2 000 for each participant who attends a course of at least 64 hours and signs a fixed or open ended contract as a basic professional (domestic helper, caregiver); EUR 2 500 for each participant who attends a course of at least 80 hours and signs a fixed or open end contract as a highly qualified professional. In 2013 a total of 4 682 people participated in training courses, out of whom 3 726 have signed work contracts with private stakeholders, co-operatives societies and other users. Some 435 ‘AsSaP’ desks (i.e. personal and household services desks) have been opened, employing 584 desks operators who have been trained to access an interactive platform, called Wiki for self-training. This platform was created and managed by Italia Lavoro and is coordinated by a central contact centre providing an email helpdesk service. As a result of its success, the project has been expanded in other North–Centre Regions.

Training vouchers indeed have many advantages, in particular for the smaller companies (European Commission, 2009). They can provide good awareness of training opportunities, make the process simpler while partly or completely financing the cost of training. However, it is fundamental that the quality of training is regularly monitored and evaluated (through accreditation measures). It is imperative to avoid as best as possible any windfall and selection effect. A pitfall to avoid is that those workers with the most urgent need for training (less qualified; older workers, employees in restructuring companies etc.) are not underrepresented in such programmes.

In Germany, several ESF-funded model projects often combine training opportunities for PHS workers with initiatives to promote and raise employers’ awareness about professionalisation. General information concerning PHS services is already provided via the ESF-funded action programme ‘perspective re-entry’ (Perspektive Wiedereinstieg), targeting persons re-entering the labour market. In Hamburg, for example, a brochure informing about local PHS providers was developed and a service platform was planned. To promote professionalisation in the sector, potential PHS workers can take part in (further) training measures to become state-approved trained housekeepers. These measures are provided in cooperation with the Association of German Housewives (Deutscher Hausfrauenbund). Another similar ESF-funded project that promotes information and helps to bring together demand and supply in the PHS sector is the programme Lokale Bündnisse für Familie (local alliances for families). On the local level, similar ESF-funded model projects that also included (further) training measures for potential PHS workers were carried out in Frankfurt (Hesse) in 2012, in

40 http://www.lokale-buendnisse-fuer-familie.de/
41 https://www.esf-hessen.de/main_service___GFFB_Seniorenagentur.esf
Schwäbisch Hall (Baden-Württemberg) in 2010\(^{42}\), or in Worms (Rhineland-Palatinate) with a focus on training of long-term unemployed persons in 2009\(^{43}\).

In France, ESF funding has been used to improve the cooperation between provider organisations, the Public employment service (PES), local authorities as well as local associations working with unemployed people, in order to create integration pathways. PHS organisations have much difficulties today to recruit and to retain workers. Empirical evidence show that quite often, unemployed people are orientated towards these jobs but rapidly prefer to quit their job. This is principally due to a lack of preparation and guidance. Some ESF-funded local initiatives may be used to prepare the unemployed before starting the job, this resulting in a better capacity for him or her to match with the job requirements and for the organisation to retain the employee\(^{44}\).

Some innovative tools can be imagined in order to prepare correctly the employees. These initiatives can correspond to preparatory training, but they can also be combined with a logic of ‘immersion’, that is offering work experiences containing tutorship. Some ESF-funded projects directly finance the implementation of tutorship in organisations and this is a very welcome financial instrument.\(^{45}\) These tools often prove to be win-win solutions, as the employee is better prepared, and the organisation can identify the competences of the person. These tools facilitate the transition from unemployment to employment and offer more security to both the employer and the employee.

At a much larger scale, PHS should be seen as a sector for the future and therefore benefit from specific budget lines in order to raise qualifications and competencies. The French Ministry of Education has recently set up the ‘Professions and Qualifications Campuses’ project. This project aims at creating regional training equipment, called ‘Campuses’, connected with regional industrial and economic development policies. These Campuses offer training pathways (general and vocational training) to young people that focus on job-creating sectors. For the moment 12 such Campuses have been set up in industrial dynamic sectors. They actually correspond to the labelling of already existing training institutions (after a call for projects). New coordinating instances are created among these training institutions and local economic actors, with the aim to anticipate the needs and to deliver a high-quality education\(^{46}\). Such approaches should be promoted and be extended to personal and care services.

**Difficulties in accessing European Funds**

In several countries, the difficulties that project managers have in applying for European funds and call for projects have been mentioned. They often renounce to submit small-scale projects because of the complicated and time-consuming administrative processes. In particular smaller municipalities run the risk of spending much time and money on setting up a project that may only run for a limited amount of time. A recommendation would be to simplify these processes. According to Angermann and Eichhorst (2013), whereas regional and time-limited projects can be helpful, general and permanent structures are needed as well. Their study shows that although regional and temporary pilot projects have a potential for establishing a formal personal and household services market, their business model is fragile as well. Withdrawal of public funds often leads to the decline of the infrastructure which was created. Thus EU funds could be more efficient if they are able to support permanent structures as well.

It is important to note here that ESF programmes may represent a relevant financial source for municipalities which currently struggle with a lack of resources to undertake all activities within the social and labour market domain. This is the case in the Netherlands for instance, where municipalities regulate the local provision of parts of the sector PHS. ESF is becoming a more relevant source for municipalities to develop re-integration activities to bring people back to the labour market. Should municipalities successfully make use of these ESF resources, it might mean that they have more financial resources left to act in the social domain. Thus, getting ESF funds for some activities might relax the budget constraints for developing other activities. This could

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\(^{42}\) http://www.esf-bw.de/esf/index.php?id=228&display=project_detail&project_id=2922&category=13
\(^{43}\) http://www.biwaq.de/BIWAQ/DE/Projekte/Projekte_BIWAQ1/382_DienstleistungsAgentur.html
\(^{44}\) For instance the ESF-funded project « Guider les personnes en difficulté sociale et professionnelle dans leur recherche d’emploi en Picardie » (Guiding persons with social and professional difficulties in their job search in Picardy).
\(^{45}\) This is for example illustrated by the initiatives taken by the Calvados département: http://www.calvados.fr/cms/accueil/calvados/he-calvados-demain/calvados-durable/2-de-l-agenda-21-departemental/objectif-2-de-l-agenda-21-assurer-la-solidarite-entre-les-habitants-du-calvados/defis-renforcer-le-dynamisme-social-et-l-implication-citoyenne/renforcer-les-services-a-la
\(^{46}\) For the moment it does not seem that these projects benefit from European funds.
translate in opening up public budgets for certain services, thus allowing employment growth. However, directly financing the education and training efforts of low skilled employees via ESF is no longer possible in the Netherlands. This option has been abolished as of 2015, because low skilled employees were not regarded as the most vulnerable people in the Dutch labour market. The former programme was successful though, in terms of many employees being co-financed to take part in short courses. On the one hand, one could argue to open up the possibility again to skill those who already have employment. Yet, as the amount of ESF funds for the Netherlands has been shrinking, this could also lead to too few financial means to address the inclusion of those without a job.

The barriers to professionalisation

There are many barriers today that limit the professionalisation of the PHS sector. These barriers come both from the demand side (i.e. the employees themselves) or the supply side (i.e. the employers). Most of these barriers are common with those already identified in other reports for instance fostering the difficulties that SMEs face with regard to training.

On the demand side, a first issue can lie in the difficulties to organise training, from the employees’ point of view. In Italy, trade unions have denounced that standard requirements fixed by regions in the organisation of training for family assistant (from 120 to 400 hours) are time consuming and hardly compatible with working and family commitments, in a context where direct employment prevails (care workers cannot leave alone the elderly person for many hours) (Acli colf, 2013). Some surveys have observed high dropout rates because workers often perceive training as time taken away from paid work and families have difficulties (and lack of interest) in giving up the presence of the assistant even for a few hours. A global recommendation would therefore be to develop training during the working time, but this does not solve the problem raised by direct employment in which the service provider cannot be easily replaced.

More generally, the insufficient demand for training may come from workers themselves for several reasons. In Germany, on the demand side for training, low wages and low prestige of non-care PHS work, and the comparatively high unemployment rate might cause the low number of apprentices (the main training course being provided within the dual model). Also, wages for trained household service workers will tend to be higher than for unskilled staff; this could reduce the employment prospects for household service workers. In France, some of the difficulties are much more cultural. Many employees are low qualified and have often had a bad experience at school or in higher education, and therefore do not wish to go back to training.

The specific case of migrants should also be taken into account. In Italy, a poor participation by family assistants with short-term migration projects has been observed. Those mostly interested in undertaking a training program are workers with long-term migration projects, especially those who aspire to work in the service sector, in nursing/resting houses and hospitals.

A last observed difficulty on the demand side is the fact that in some cases, the employees who will have acceded a qualification may wish to quit the PHS sector and use this qualification in other sectors, principally social care with housing (retirement homes) where working conditions and wages are better. These transitions out of the PHS sector can be observed in many European countries.

On the supply side, a first difficulty is of course the existence of a sufficient, adequate supply. In Germany, from the point of view of non-care PHS companies, the training on required soft skills (e.g. dealing with customers) is often neglected in the dual training for the housekeeper profession. It is furthermore difficult to organise training of apprentices directly at the home of the customer, as customers do not wish this (Becker, Einhorn, Grebe 2012). In sub-segments of non-care PHS like gardening, PHS companies do not face these problems because formal occupation schemes exist (ibid.). In the non-care sector, for the consumer an assessment of the quality of service of regular and irregular supply of PHS is aggravated by the fact that official quality or certification standards were never introduced (Reinecke et al. 2011). Moreover, the formal occupation ‘trained housekeeper’ is certainly not promoted enough. Would it be promoted more should service quality be improved (Deutscher Frauenrat 2013). In 2014, only 2 432 persons concluded a training contract for this occupation, compared to a total number of training contracts of 522 232 (Federal Ministry for Training and Research 2015). To sum up in the German case, the lack in training activity of companies might predominantly be caused by the lack of a suitable state-approved profession for non-care PHS or the companies’ lack of information regarding the existence of a state-approved profession for PHS.

Another difficulty on the supply side concerns the existence of funding for training and also the capacity of employers to organise training. Here again it is important to distinguish between employment models. In France,
access to training is much easier for workers in organisations than for workers directly recruited by private individuals. The collective agreement of ‘particulier employeur’ (direct employment) limits the social contribution for vocational training to 0.15 % of wage bill but a recent collective agreement (December 2014) foresees its increase at a 0.35 %. By comparison the contribution is equal to 1 % for all other sectors including social care delivered at home. Workers are not placed on a same par regarding access to training depending on their collective agreement.

Furthermore, in direct employment, accessing vocational training is very difficult for workers because they usually work for several employers and that direct employers are not always aware of their responsibility as employers. The latter are moreover rarely aware of the importance of training for their employees and see this as a cost and a constraint. In France, training sessions which are proposed in the branch are often limited to ‘thematic days’ which do not lead to a certification. By opposition, provider organisations can put in place real training plans for their staff, mostly through the validation of prior competences (see above). The organisational capacity of employers to deal with training leave is of course paramount here.

In several countries some partial use of the training funds have been noticed. In Belgium in 2012, 40 246 workers from 788 companies were trained at a total cost of EUR 3.2 million (IDEA 2012). This means that 26.6 % of the workers in this sector were trained in 2012. Nonetheless, only half of the companies used the budget allocated to them fully, given that the Fund was endowed with EUR 7.6 million for that year. This system could thus be substantially improved. The reasons why service voucher companies do not use more training funds are difficult to highlight. It is possible to notice that small and new companies hardly conduct the approach to the training fund. Private commercial companies and individuals are also very few to use this fund when they employ the majority of workers. This lack of interest for training of private companies is surprising when governments actively support it. In the Netherlands, the situation is that despite the good financing of the training system, most employers do not use funds or subsidies to pay for training their employees. In 2010, 40 % of employers use subsidies or funds to pay for education personnel. ESF has been used much by 6 % of employers, and the expectation is that this percentage will decrease further. This is due to the fact that the Dutch part of the ESF funds no longer subsidises the schooling of employees with a low level of education (SZW, 2015). Previous ESF-funds to stimulate sustainable employability, most notably of low skilled employees, was used quite extensively, especially to fund small courses. Yet, the programme was found not to be supporting the most vulnerable in the Dutch labour market, as it involved people who already have a job.

Access to training for small structures being often complex, an idea that could be developed and promoted is to set up joint training. In Germany, PHS stakeholders have made some suggestions to promote professionalisation in the PHS sector (Becker, Einhorn, Grebe 2012: 87-88). As most companies in non-care PHS services are small, a possibility to jointly train PHS workers could help these companies to provide more training opportunities. An innovative proposal was to train PHS apprentices in households of trained housekeepers, who could give professional feedback on the quality of the services provided by apprenticeships. Programmes should promote training or further training of career changers on a broad base (e.g. via a modular training scheme), considering that PHS workers often have to carry out overlapping activities like child caring, elder caring, but also house cleaning or cooking.47 These ideas could be considered in programmes like the ESF-funded programme JOBSTARTER-Training for the future.48 This might also be in the interest of many PHS companies: 33 % of 314 PHS companies stated that a promotion of training opportunities for PHS workers would be very feasible, 30 % stated that this would be rather feasible, 26 % stated that it would be rather not feasible, and 11 % stated that it would not be feasible (Becker, Einhorn, Grebe 2012).

More generally, budgetary pressure or financing models of PHS might come as another limit to the development of training. There is a debate going on in Finland – and also pressures – to lower the qualification criteria and wage-level in PHS sector. This is seen in the ongoing process of renewing the Social Welfare Act. The regional authorities responsible for the quality of PHS and other social welfare services are following this development with concern.49 In addition, the training as such is not a problem but the wage-level that is required for purchasing qualified PHS personnel, is. Even though the demand for PHS work is steadily increasing and becoming professionally more demanding due to an aging population, there are still some restrictions: (i) the pressure on the decreasing of the public expenditure on welfare services, (ii) pressure on lowering the wage-

49 Interview with Social welfare leading senior adviser, Regional State Administrative Agency of Southern Finland. 17.6.2015.
level and qualification criteria in PHS sector and (iii) relative shortage of labour in the growing total social and health care sector and (iv) related problems with the prestige of the sector. The shortage of labour is maybe only temporarily compensated by the increasing unemployment in Finland at the moment.

In France, for provider organisations, one of the main barriers to professionalisation is a cost issue. The issue is that raising the level of qualification impacts the wage structure; however in the field of domiciliary care for dependent people the prices are fixed by public agreements. For this reason many organisations do not encourage training above a certain level so that their budget is not too much affected. There is a major contradiction here between the general claim to professionalise the sector and the financial possibilities to do it. A recommendation is that public financing should incorporate all the costs, i.e. including the cost of professionalisation. Currently the financing is mostly based on an hourly financing, which may create a downward pressure on costs. Some very interesting experiences, at the local level, have developed another form of financing between public authorities and providing organisations, i.e. through multi-annual contracts which finance organisations by means of a global budget, rather than them being reimbursed for the hours provided. In this model, competition is based on quality rather than on prices. The success of this experience is conditioned by the possibility to ‘entrust’ these organisations with missions of general interest. The European Commission may promote the recognition of these missions of general interest and support this kind of initiative as they are supportive of job quality and service quality.

3.3. Conclusions
The PHS sector has arrived at a stage where its attractiveness is limited although it is a sector with lots of vacancies and even facing a shortage of labour in the near future. Many initiatives to professionalise the sector have been discussed but today the cost of professionalisation puts some limits on these efforts. In some countries, even though actors are aware of the importance of training, public funds are not used, because of obstacles both in the demand side or the supply side.

Maybe a reflexion could be engaged about the nature of work in these activities and its probable evolutions. How the profession will evolve will be a key factor regarding the capacity of the sector to attract and retain employees. Actors need to be prepared to anticipate the transformations of labour. To define what are the most relevant paths for professionalisation, a question that can be raised right now is how the future professional will look like. A Dutch project offers interesting insights on this. The future employee will have good digital skills and will be able to multi-task. He or she will be able to look beyond the borders of the home care organisation and should enjoy having large autonomy in their work: being able to take decisions themselves and also coordinating the care and support network around the client, for instance supporting the informal carer (NPCF and STOOM, 2010). This will make care provision more efficient, as the client will only have one person to define the care needs with – at least in the ideal situation. The home care organisation thus should change its work organisation accordingly, for instance providing flexibility to the worker, also to set working times and to give sufficient ICT support. Working in small scale teams is one way of organising work better (NPCF and STOOM, 2010; see also UWV, 2013). This path can be labelled the ‘quality’ path, in which tasks are enriched and professionalisation helps to sustain the transformation of activity.

However, another path can lead to a deterioration of working conditions. Based on the so-called ‘Uber’ model, a new intermediation model can be based on remote relationships between users and providers (with the technological help of specific websites or apps). The underlying business model encourages a freelance employment model and creates a general pressure on wages. Clearly, the world of work is being transformed with this new approach and PHS are far from exempt from these coming changes. These changes may convey a severe downgrading of working conditions: fragmented jobs, isolated workers, wages driven down. This deterioration of working conditions is not a scenario but a reality for many migrant workers and irregular employees.

Employability and professionalisation therefore stand in the middle and these two paths – one quality path including an enrichment of tasks and collective initiatives to improve training and quality of the service vs one

50 See the experience of the CPOM in the Doubs département. [http://www.psspaca.fr/IMG/pdf/cpom_doubs.pdf](http://www.psspaca.fr/IMG/pdf/cpom_doubs.pdf)
51 Sites like TaskRabbit are booming in the US. It is an app that matches workers or “taskers” as they are called with clients; the workers appear on the screen with the skills and prices; clients would select the best bid for outsourcing tasks they do not want to perform like cleaning the house or assembling kit furnitures.
52 “Talent exchanges on the web are starting to transform the world of work”, The Economist, 1/6/2013.
53 “Silicon Valley’s gig economy is not the future of work – it’s driving down wages”, The Guardian, 23/7/2014.
downgrading path based on on-demand tasks – are actual alternatives. It is important today to protect workers from the deterioration scenario. Many initiatives evoked in this Review may lead to this protection of workers and contribute to elaborate a professionalisation roadmap. At the European level, it seems now important to firmly promote these efforts in order to support the undisputable development of jobs to come in the coming years and to avoid any downward trend that the recent apparent rise in undeclared arrangements and the possible transformation of the nature of work under the pressure of new technologies might influence.
4. What EU action?

To conclude, we would like to stress the following elements and make some recommendations.

The need for a global strategy at the European level

Although several documents from the European Commission have stressed the importance of PHS and its high potential in terms of job creation – a figure of 5.5 million jobs that could be created has been advanced by its services – today the PHS sector does not seem to be the object of a real global strategy that would help this potential to be realised. PHS were not mentioned as such in the 2015 Commission’s work plan. The importance of PHS is not only to be seen as a reservoir of jobs; these activities also lie at the intersection between improving the capacity of people (disabled, dependents, older people) to live longer and in better conditions at home, and more generally offering people new conciliation opportunities and well-being services.

The impact of PHS on job creation has been documented by many reports and the approach of the Commission in its 2012 Staff Working Document still prevails, in the sense that jobs in PHS are local and not easy to relocate that fully contribute to the objective of increasing the employment rate at the EU-level, both directly (through direct job creation) and indirectly (through a better combination of work and life for active people).

At the European level, one general recommendation would be to keep on considering the PHS as a sector of major concern and encouraging Member States to take measures to support its development. The European Commission could make new political commitments. A new flagship initiative would be welcome in order to give a common ambition for the coming years. Other tools would be very welcome such as specific headline targets, implementation plans, progress scoreboards.

The European Commission should also promote the implementation of systemic actions at the national level. In some of the countries reviewed, actions are rather ‘temporary’ and a new step would be to take more systemic measures. The impetus could come from the European level.

The development of PHS cannot go without a substantial public and social investment, but today these investments are severely questioned by economic crisis but also by country-specific recommendations made by the Commission to reduce public expenditure. There is therefore a high tension between, on the one hand, the importance of public support to develop formal jobs (as documented in this report) and also to foster professionalisation and quality, and on the other hand the limitation of public budgets that has put some fringes of the sector in economic uncertainty, with a negative impact on employment and job quality.

Promoting job quality and avoiding any downgrading of job security

The organisation of PHS relies on many different forms of delivery, including several ‘employment models’. As pointed out in other reports (see Farvaque 2013, Angerman-Eichhorst 2013), PHS will work best if it builds upon already existing structures and institutional models.

Today, several paths are in front of us concerning the future of the sector. A risk is that a ‘deterioration’ path is followed, that would result in very flexible work arrangements, specific work contracts or a resort to freelance models. The situation today is characterised by the existence of some arrangements that consider the sector of personal services as derogatory to common law and therefore create situations in which workers are not considered on a par with workers in other sectors. Through these specific arrangements, employees may result in having less social protection and bearing all the flexibility of employment on their shoulders. Some other workers in particular migrants and irregular workers are sometimes caught in very precarious situations. The European Commission should strongly support the development of job security in the countries where PHS are already well developed or in those which are thinking of development strategies.

New forms of employment can be compatible with a minimal job security and equal social rights. This is for instance the case of voucher work in Belgium which is strictly regulated by law and collective agreements. In this system employees are recruited by a provider organisation which ensures an open-ended contract in some conditions, a minimal working time and which provides training.

The use of new technologies by consumers (such as some apps) may encourage new, more flexible, working arrangements, such as job on demand, which entail less social protection and security for employees. A model through which auto-employment would be encouraged, influenced by Uber-like business models, would seriously question our European social model. The PHS sector is directly concerned by this threat.

The European Commission should therefore promote a quality path for employment in this sector. It should
encourage social partners and stakeholders to combat the downgrading of job security.

The development of a PHS sector in countries where it is not well developed today should involve all social partners and stakeholders and promote good quality jobs.

The development of an EU quality framework for PHS based on the models of the voluntary EU quality framework for Social Services (2010) and the Quality Framework for Early Childhood Education and Care (2014) could be a recommendation at this level. Its aim would be to improve accessibility and quality of PHS via a holistic approach of the sector. It should set out a new coherent vision, identify and analyse success criteria of effective policies to develop guidance for national policy makers. This European quality framework should include among the relevant criteria: access, governance and funding, working conditions and workforce qualification as well as evaluation and monitoring systems which are in the best interest of PHS providers and users.

An European impetus to ratify the ILO Convention No 189 on decent work for domestic workers

Adopted in January 2014, the Council’s Decision authorizing Member States to ratify the Convention concerning decent work for domestic workers was a positive step towards its ratification and implementation in EU Member States. However, so far only five Member states have ratified the Convention (Belgium, Finland, Germany, Ireland and Italy). The ratification process has indeed faced many difficulties such as regarding the definition of domestic workers, working time provisions etc.

A European impetus to favour the Convention’s ratification by a large number of EU countries would be needed. As the Convention’s requirements fall both under EU competence and under national competence, the European Commission could give guidelines and recommendations targeting domestic workers. In particular it could launch thematic work within the Employment Committee (EMCO) along with peer reviews between national administrations on the working conditions of PHS workers in the EU-28 (in the framework of the Open Method of Coordination). This work should be undertaken with the aim to create a common understanding of problems faced in the sector and to build consensus on solutions and their practical implementation, thus facilitating the ratification of the ILO Convention No 189.

The Commission should also encourage the exchange of good practices between trade unions and social partners regarding the practice examples of what unions can do to get domestic workers from isolation to organisation, e.g. through better laws and state-led systems, or through collective agreements with employers.

The Commission could also launch specific monitoring in order to assess if Member States adequately implement the requirements laid down in the Union acquis and which are subject to minimum requirements in the ILO Convention No 189. This assessment should only target the situation of domestic workers and would help the identification by the EMCO Committee of relevant issues in which an EU legislative initiative is needed.

The European Platform on undeclared work should dedicate a specific work programme and working group on PHS

Fighting undeclared work in the PHS sector must become one of the priorities of the work programme of the future European Platform on undeclared work currently under discussion between the Council and the European Parliament. We propose the setting up of a specific work programme and working group on PHS. The Platform could carry out several tasks such as developing tools, common concepts and non-binding guidelines, as well as conducting peer reviews and European campaigns. These initiatives would unquestionably make a substantive contribution to the development of legal frameworks and incentive measures by Member States to formalise undeclared work in the PHS sector.

Facilitate the development of skills and access to qualification

Accreditation frameworks that recognise the experience acquired on the job or through continuing education very much respond to the needs of employers and employees in PHS. Some countries have deployed efficient measures and the European Commission should promote exchanges between them about the good practices and caveats. The effective access of direct employees and employees working in small companies should be encouraged. European funds could be used here to relax the budgetary pressure on public authorities in what regards professionalisation.

54 See the recent report by EFFAT (European Federation of Food, Agriculture and Tourism Trade Unions) (2015).
Another point of concern is the recognition of professional qualifications of non-EU workers. Non-EU workers may not always see their qualification acquired in their country of origin recognised when arriving in an EU country. There is here much possibility for improvement.

**Improvement of working conditions and awareness-raising campaigns**

Many direct employers are not aware of their duties in terms of protection of working conditions, occupational health and safety. The Commission should launch awareness raising campaigns that should include the elaboration of guidelines for private households. Control mechanisms with regard to working conditions should be promoted. This campaign could be based on a dedicated EU-OSHA Healthy Workplaces Campaign.

More generally on this topic, it should be recommended that the PHS sector be taken into consideration within the general EU-strategic Framework on Health and Safety at Work 2014-2020. The current European Framework Directive on Safety and Health at Work (Directive 89/391 EEC) covers formally employed PHS workers but not workers directly employed by private households. This discrepancy is highly detrimental as employees working for provider organisations may already benefit from more prevention and health and safety provisions than direct employees. The introduction of minimum requirements for workers directly employed by private household should be encouraged, so that workers benefit from the same prevention and protection regardless of the employment model they belong to.

**Use of European funds**

Some difficulties experienced by actors have been commented in the previous section. European funds may prove particularly important in contexts where local authorities strive with reduced budgets. Facilitating access to these funds is one option often mentioned by actors. Another line of recommendation evoked above would consist in making EU funds more efficient if they were able to also support permanent structures and not just short-term projects. If ESF is well known, this is not always the case of EaSI or Skills Alliance and improvements could be made here.

The different EU funds are of direct interest for actors and stakeholders in a context of budgetary limitations. EU funds (especially ESF) are mostly used to establish measures that promote training, further training, and help to disseminate information regarding the possibilities to obtain PHS services. These funds already offer many opportunities for actors to promote training opportunities for the PHS sector and they participate in the qualitative development of the sector.

Innovative options should be to develop joint training programmes in order to facilitate the access of small structures to training. We have emphasised above the organisational barriers that many small organisations face and joint training could be a solution in some cases. Other innovative solutions like for instance training vouchers could be promoted. These funds should also be used by local programmes specifically targeting workers directly employed by households. Programmes led by social partners’ representative of this employment model should be encouraged.

The EU Programme for Employment and Social Innovation (EaSI) has also an important role to play. EaSI is constituted of three axes which support the modernisation of employment and social policies with the PROGRESS axis; job mobility with the EURES axis; access to micro-finance and social entrepreneurship with the Microfinance and Social Entrepreneurship axis. All of these axes are of great relevance for the development of PHS. EaSI projects could be set up in order to reinforce cooperation between social partners with a focus on job quality and service quality, taking inspiration for example from what has been done in other sectors such as the textile and leather industry or the commerce.

The PROGRESS line, aims at inter alia facilitating effective and inclusive information-sharing, mutual learning and dialogue, and also to offer financial support to test social and labour market policy innovations. Such financing could be for instance used by municipalities to train their policy-makers in dealing with the constraints in the field of PHS: new legislation, new skills requirement, but also new budget constraints. Several innovations already evoked so far (specific training for workers within direct employment or innovative training initiatives; sharing good practices on employment, professionalisation, combatting undeclared jobs, etc.) might also find in PROGRESS a source of funding.

EURES is concerned with the transparency of job vacancies, job applications and any related information for applicants and employers; as well as the development of services for the recruitment and placing of workers in employment. In this perspective, the lack of information concerning PHS service providers could be mitigated by
establishing an EU-wide online PHS platform, which could also help improve the situation of Eastern-European and South-European PHS workers by indicating ways to take up registered employment abroad. This program could be carried out within the EURES axis of EaSI, as it would improve transparency of job vacancies and promote freedom of movement for workers.

Social entrepreneurship can also be fostered thanks to the specific axis in EaSI. This would prove very relevant to develop a way to have self-employed access funds to keep their skills up-to-date. These self-employed (e.g. in the Netherlands the former precarious *alphahulp* in the home care sector, who are often low skilled home helpers who work for the care recipient) may be supported if they could access training and education via EU resources. They could for instance learn how to transfer from a rather vulnerable situation of self-employed position to a real entrepreneur. Moreover, if such self-employed could become more skilled and better qualified, this may open up options again to be included in regular jobs, if so desired.


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