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Who Cares for You at Home? 
Personal and Household Services in Europe

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Who Cares for You at Home? Personal and Household Services in Europe

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ABSTRACT

Who Cares for You at Home?
Personal and Household Services in Europe

Personal and household services have grown in importance as a potential area of employment creation. By formalizing personal and household services, not only can service jobs be created with providers, but also private households can be relieved from informal work in order that women in particular can participate more strongly in the labor market. This paper reviews the findings from national experiences with strategies to develop formal personal and household services in European countries, addressing issues such as the definition of these services, quality and professionalization, organizational infrastructure, public support schemes and working conditions. We argue that, under certain institutional conditions, personal and household services can represent an important area of regular employment and increase the reconciliation of work and family life.

JEL Classification: J14, J38, J45

Keywords: personal and household services, Europe, voucher systems, care

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Introduction

Today’s Europe is characterized by common general developments such as the ageing of the population, increasing life expectancy and low birth rates in many countries. In 2010, 17.4% of the Europeans were over 65 years old, which is expected to increase up to 28% in 2020 (European Commission 2011). It is assumed that the majority of elderly people would like to remain in their familiar environment and live as independently as possible, even in cases whereby they need assistance and care. Personal and household services (PHS), including care, have gained some attention as a policy issue at the national level in many EU Member States. The European Member States have developed national demographic and ageing strategies that focus on an independent life for all ages, and especially for senior citizens. Several initiatives have been undertaken at the European level, including the European Demography Report, the European Demography Forum and the Europe 2020 Strategy, as well as several other initiatives supported by the European Commission, such as the discussion concerning policies on “Exploiting the employment potential of personal and household services”. This paper provides a current assessment of the lessons from European experiences with personal and household services, given that much can be learned from currently available evidence and debates. Hence, while most of the following ten theses are relatively straightforward and simple, they are nevertheless important to highlight. In particular, we focus on the following questions regarding access to and the availability of personal and household services: How can the potential of formal PHS in terms of job creation, relief of informal service providers and improvement of living conditions be mobilized in an optimal way? How can the quality of PHS be improved? How can these be universally organized and offered at affordable prices for all citizens and all needs and fields of activity?

Formal employment in personal and household services is quite costly for the majority of the population, while the formal market for PHS is limited with personal and household services mostly provided informally by undeclared workers at present. The reason for the state monitoring and regulating this accordingly is the loss of taxes and social contributions due to undeclared work (European Commission 2012a). A public intervention is a necessity, particularly in a time of economic crisis. Rendering formal PHS does not least depend upon if and how far services can be made affordable to users and attractive for those who provide them, in terms of working conditions. Countries such as Belgium or France have promoted demand and formal job creation in PHS as an explicit strategy to increase employment and achieve a better balance between care, PHS and paid work. By contrast, the issue is more implicit or latent in other countries. For example, despite a long history of pilot projects, PHS are still mainly carried out in the informal sector, yet some attempts have been made to stimulate formal direct employment in private households on the basis of part-time work, e.g. in Germany.

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1 The Observatory for Sociopolitical Developments in Europe held an international expert meeting on personal and household services for older people in Europe in Berlin on 16.09.2013, where 20 EU Member States and the European Commission participated (Angermann 2013).
1 Personal and household services can only be developed with a clear conceptual definition.

Personal and household services are the institutionalized form of services that have traditionally been carried out privately and informally within households, including personal services in the form of care (care services such as nursing care) on the one hand, and household services in the form of household activities (housework services such as cleaning, laundry, catering, gardening, etc.) on the other.

There are various terms for the services mentioned herein. For instance, some actors use the term “family-supporting services” for either household activities (such as domestic services) or personal services (such as caring for older household members), as well as household-related services together. However, given their various overlaps and intersections, these terms are not entirely precise. In 2012, the European Commission introduced the useful term of “personal and household services” (PHS). In line with the definition used by the European Commission (European Commission 2012a), these are:

- Services delivered to households and within households (on-site)
- For all age groups and life situations
- Long term care (old-age care and services for people with disabilities) and child care
- Cleaning, catering, maintenance, gardening, light repairs, etc.
- Support through information and communication technologies (ICT) respective technical assistance systems, ambient assisted living services

The use of the term personal and household services as a combination of both spheres (household and person) makes sense given that both service areas partly intersect and therefore should be considered together. Depending on the respective EU Member State, there are potential overlaps with publicly funded and organized old-age care and child care; hence, care services are excluded from personal and household services (in a narrow sense) in some countries, as they are addressed formally within public old-age care and child care provision schemes. The term personal and household services implies that there are service providers in the respective fields as well as mixed forms, with the term already taking both areas within the title adequately into account. After all, a mix of both types is simply part of the lives of the users and their relatives.

In this respect, personal and household services are supportive services provided by formal service providers for private households (the “home” as a frame for this kind of jobs) in order to relieve the latter from informal work (European Commission 2012b). Accordingly, women in particular can participate more strongly in the labor market, as they are relieved from the burden of informal work. Moreover, given that most of the formal jobs within the field of personal and household services – which were previously provided within the families, and predominantly by women – are currently also provided by women, this will provide them possibilities to work in the sector of personal and household services on a legal basis.

The use of a clear conceptual definition, including a generally accepted term such as personal and household services, can support the understanding and therefore usage of these services by potential users. This could enhance the transparency of the services market and would foster the utilization of the services in the long run.
2 A strategy to develop personal and household services can ease the burden on informal carers and the welfare state with beneficial effects for the life satisfaction of carers and the cared, enabling a self-determined life and helping to maintain links to the labor market, particularly for women.

Informal care by relatives, including their own household work, will continue to play a huge role. However, the potential of familial support should not be overestimated in light of the demographic pattern. Therefore, a sustainable strategy to develop personal and household services offers many advantages. For instance, it can ease the burden on informal carers (family carers/caregiving relatives – not to be confused with undeclared workers) by providing supportive services for their cared ones. Moreover, it can also ease the burden on the welfare state by increasing the employment rate on both sides, namely employment with personal and household service providers and higher employment through increased working hours, the return to the job market and longer working lives of those relieved from informal care. With a higher employment rate, tax revenues and social contributions will also increase, generating earn back effects for the state. This is particularly important in times of reduced public spending on social issues.

Aside from the advantages of caring for relatives or other associated persons such as personal closeness and low cost, there are also negative impacts; for example, a reduction or loss of the caregiver’s income, thus jeopardizing their own financial security and severely disadvantaging them within the social security system (Bäcker 2003), as well as the physical and emotional stress suffered by the caregiver. Personal and household services can help to improve the work-life balance of employed caregivers. From the care recipients’ perspective, there is also the matter of the quality of service. In this respect, a consistent strategy of personal and household services can have beneficial effects on the life satisfaction of the carers and the cared.

Given that many older people tend to spend more time in their homes with increasing age and health limitations (Stula 2012), supportive services can maintain their independence, enabling them to live a self-determined life and therefore increase their participation in society. In turn, this can enhance the quality of life and delay the need for care.

In particular, women would benefit from the implementation of a sustainable strategy of personal and household services in several ways: they would have the possibility to return to their job, increase their working hours and formalize their undeclared work in the area of supportive services, which they were probably already providing (formalization of existing jobs and creation of new jobs). Nevertheless, it is also necessary to take the gender aspect into account, as the necessity of women’s enhanced participation in the labor market could also be viewed as an opportunity to discuss the redistribution of paid and unpaid work between men and women (Morel 2013).

3 In order to make the most of formal personal and household services, European countries need universal systems that provide an appropriate range of personal and household services according to households’ needs and preferences.

From the perspective of the people who use personal and household services, access and availability to such services are more decisive than the issue of by whom they are provided.
Personal and household services are rendered differently in the EU Member States, also according to the kind of service provided – personal services such as care or household services such as cleaning. For example, care services are provided publicly in some EU Member States, such as Sweden, Denmark and the Netherlands, where formal service provision dominates. The care systems in these countries can be considered as those that are most geared to the actual needs (Schulz 2010, Fukushima/Adami/Palme 2010). There is a mixed system of informal and formal service provision in some other European Member States, such as Germany and Austria. While many of the Eastern Member States, including Slovakia and the Czech Republic, as well as many of the Southern Member States, such as Italy and Spain focus on informal services mostly provided by relatives, predominantly formal structures are used in Sweden, Denmark, France, the United Kingdom and others. In France, formal services are bought with earmarked cash benefits and are publicly co-financed to a very large extent. However, with rather restricted public services, private providers predominate in the United Kingdom. Non-earmarked cash benefits are found in Germany, Austria and countries in southern Europe, which goes hand-in-hand with rather informal or mixed service structures and a stronger familial responsibility (Simonazzi 2009, 2010, Pommer et al. 2007, Kraus et al. 2010). Colombo et al. (2011) pool the structural characteristics of care services in three main categories of countries, finding a universal, integrated system financed by taxes or social insurance contributions in Sweden, Denmark, Germany and the Netherlands. By contrast, in Austria, France and Italy, care is embedded in other social security systems and thus has a rather fragmented character. Finally, another universal system is found in the United Kingdom, where means testing plays an important role, which rather limits the universality of the system (Colombo et al. 2011). Given the different contexts among the respective Member States, long-term structural differences can be found in personal and household services. However, shifts and changes have occurred since reforms have been implemented. In many countries, privatization and outsourcing trends and the introduction of voucher systems have led to greater freedom of choice among users and more competition between providers. If there are no quality and labor standards, this may entail problematic working conditions and poor quality. Such patterns are not only evident in rather market-dominated systems such as the United Kingdom, but also in previously state-dominated systems such as Sweden.

With a view to all these countries and taking their specific characteristics into account, an overall concept with a local or municipal arrangement should be implemented. Despite a universal system involving less targeted and more general services, it should also be possible to render special services according to clients’ needs.

4 Regional and time-limited projects can be seen as helpful, although general and permanent structures are needed, now and in the future.

Regional and time-limited projects are a good experiment for developing new service infrastructures and can therefore be seen as helpful, but they are also an expression of not having an overall concept at present. While regional and temporary pilot projects have shown the potential of establishing a formal personal and household services market, the withdrawal of public subsidies regularly leads to the decline of the infrastructure created. Indeed, this is evident with respect to the downsizing of the Danish home services system (and only temporary replacement by a new scheme in place in 2011-12), which resulted in a massive decline in take-up. Similar lessons can be derived from the German experience with
temporary regional pilot projects, e.g. in the Saar area, where a termination of public co-funding resulted in the dissolution of the personal and household services infrastructure.

There has not been any systematic overall concept for the creation of a formal market to date; rather, mostly only temporarily financed pilot projects organized by local or regional service agencies. However, in order to develop a real and reliable market for personal and household services with sufficient service capacities, the framework conditions also needs to be permanent and reliable.

A universal system needs a strong structure tailored to the regional demand, also taking urban and rural differences into account. Despite the importance of arranging the services at the local or regional level where the services are provided and used, there has to be an overall concept that prevents the service infrastructure evolving into a fragmented service system. In the future, care, for example, will probably be strengthened by a provision through networks in the region or the neighborhood, as is already the case in Finland, Sweden, Denmark and the Netherlands.

5 Quality is a key dimension for personal and household services.

Personal and household services are rendered by people for people, and are therefore subject to human factors. Consequently, their quality and its assessment can be heterogeneous and show disparate results. In contrast to industrial settings, where quality assurance was first developed and understood as a part of the organization's management, the traditional approach of quality in rendering social services has involved considering quality assurance as an intrinsic part of the respective professional ethics. However, it is becoming increasingly common to also consider quality management as a way of improving organizational effectiveness in service delivery, even among social service providers (Leichsenring/Nies/van der Veen 2013).

Quality is a, if not the, key element of personal and household services. It is necessary and important that these services are of high quality. Quality has a threefold approach: the quality of the structure, the process quality and the quality of outcome. The quality of the structure relates to the basic conditions under which personal and household services are rendered, e.g. organizational form, materials, formal qualification and the staff’s further education and advanced training, as well as the respective organization’s quantitative and qualitative staffing of personnel. Process quality refers to the actual working of service provision processes in day-to-day practice, with common tools comprising specifications concerning the type and scope of services provided, including guidelines on the implementation and specific professional standards. Quality of outcome measures how the service is rendered, focusing upon both users’ satisfaction and cost efficiency (cf. Schaarschuch 2002, Holzer/Maucher 2002, Leimeister 2011). An appropriate quality of the structure can control processes and thus make good results possible. We should bear in mind that the structure has an impact upon the process and the result, both of which impact the structure. Quality is assured through both internal and external quality inspection processes. While the internal quality inspection is usually undertaken by the organization’s quality representative, whose job involves introducing, implementing and developing the internal quality management system, external quality assurance is the responsibility of independent institutions and thus external supervisors.
The European Commission’s consultation paper concerning personal and household services refers to the voluntary European Quality Framework for Social Services as a “useful tool to promote child care and long term care quality” and calls the development of quality tools (standards and indicators) at the national or local level possibly appropriate (European Commission 2012a: 13).

6 The quality of personal and household services’ needs standards to ensure acceptance – and quality services require qualified staff.

Quality standards are not only necessary for the users’ fulfillment or to make the sector transparent, but especially to ensure users’ acceptance of personal and household services. Quality can mostly only be checked in the formal sector and competitive conditions, subsequently conveying a feeling of dependability to the users. Moreover, the tension between the quality of provision and the quality of the working conditions also has to be taken into account. Quality standards could also contribute to pressing ahead with the professionalization of both staff and the pertinent associations, not only providing staff with better and well-defined working conditions and career opportunities, but also strengthening their professional position and social recognition (Social Platform 2011).

Given that quality is a key indicator for services, quality assurance is important for providing and receiving services. Quality assurance and the existing quality inspections differ both among and within the European Member States according to the kind of service provided – personal services such as care or household services such as cleaning.

While quality measures exist in some Member States, most of them are in care services due to the fact that most of these services are provided publicly. In other Member States, the quality of the services are measured implicitly through the certification of providers. In general, it is easier to measure quality in (state) systems and implement quality inspections, where personal and household services are rendered formally, voucher systems exist or where agency structures are involved in the provision of services or the certification of providers is obligatory. Both the staff and the service are more traceable in such systems than in the shadow economy. Nonetheless, quality assurance represents a problem in the “voucher countries” of Belgium and France, especially when the caregivers are directly employed in the private households, where an implementation of quality standards is much more difficult (Sansoni 2009: 32). In many European countries, personal care service quality assurance is mandatory. In terms of both institutional and home care, this applies to Belgium, Denmark, France, Germany, Italy, the Netherlands, Spain and Sweden. Moreover, while it is not mandatory in Poland and Austria, it is nonetheless common in these countries (Riedel/Kraus 2011: 6). Quality systems are based upon various policies, with the German, French, Dutch and British systems assuring quality by “output-orientated” indicators and related guidelines. By contrast, Austria, Spain and Sweden are more “input-orientated”, focusing upon monitoring the quality processes. Moreover, there are also policies regarding the quality of informal care in some of these countries. However, the Polish system does not provide for any quality indicators and/or assurance. In the case of Italy, there is quality assurance in the formal sector as well as quality guidelines, yet no real response to patients’ needs (Dandi 2012: 3). Therefore, it is important to develop quality assurance structures through, for example, an expansion of certification systems, thus also making it more transparent for users. While the quality of personal and household services is an often-discussed topic, how can personal and household services be rendered in such a manner
that a good or high quality can indeed be systematically attained? This not only requires qualified employees and adequate financing but also binding quality standards and the service providers employing a quality management system. Moreover, external evaluations are also important in this respect. In Member States where informal services provision is predominant and services are rendered by relatives or undeclared workers, it is almost impossible to measure the quality of the service as well as the qualification of the service providers.

There are concepts for the measuring of quality in the following Member States (mostly in the formal care sector, as quality standards are more prominent in care than in other areas of personal and household services): ² Austria (control visits), Belgium (obligatory certification), the Czech Republic (quality standards since 2007), Denmark (high quality standard in care sector), Spain (certification of formal services), Finland (several instruments of quality measurement, focused on care), France (quality of care is stressed, certification of the work delivered), Germany (quality standards in formal service provision, the informal sector is not reviewed), Croatia (document on quality standards for market and social services, not implemented for formal old-age care and informal work), the Netherlands (quality information referring to user data), Sweden (no special quality measurement, but freedom of choice), Slovenia (quality measurement for formal services), Slovakia (quality standards in principle existing for institutional care, nit for home care) and the United Kingdom (social services are well regulated including professional qualification, but unclear on the domestic side).

7 Personal and household services offers real potential for the creation of formal jobs in a sector that is quite independent from the business cycle, locally focused and open to labor market entrants and the low-skilled.

Comparing employment figures in personal and household services is not straightforward, given that PHS can be organized in many different ways; however, data on some subsectors of the economy can be taken as an approximation of PHS employment shares, as shown in Figure 1. The highest levels of employment in these sectors can be found in Scandinavian countries, with a large service-driven welfare state, Mediterranean countries, with a long tradition of domestic employment within families, as well as some continental European countries such as France and Belgium, where strategies to develop PHS have been implemented. By contrast, other continental and Eastern European countries show significantly lower PHS employment shares (see also Farvaque 2013).

² The data shown here is gained from the international expert meeting on “Eldercare Services in Europe – Personal and household services for older people” (16.09.2013 in Berlin, held by the Observatory for Sociopolitical Developments in Europe) (Angermann 2013).
Job creation in formal PHS, also facilitating the formalization of existing jobs in the informal sector, has been a prominent policy objective in some EU Member States. With a suitable policy setting, **formal jobs in PHS can be created**, offering entry positions and stable employment perspectives for service workers as well as migrants, women and low-skilled people. Furthermore, relief from informal PHS in the household would mean a stronger labor supply, particularly of women, who could enter the labor market, expand their working time or avoid reducing their work schedule in order to provide intra-household services.

Developing formal PHS represents one element of a strategy to adapt national labor markets to demographic changes, which would require better use of the partially untapped potential of the female labor force. Hence, PHS offer real potential for the creation of formal jobs in a sector that is quite independent from the business cycle, locally focused and open to labor market entrants and the low-skilled, whilst enabling skilled women to remain in the labor market or work longer hours. Therefore, PHS promote the marketization of informal work and allow the economy to reap the advantages of specialization.

The **French service voucher scheme** (CESU), introduced in 1994 and since massively enlarged, is one of the largest PHS programs, covering both care and non-care services and allowing for both direct employment with private households and external service providers. CESU vouchers can either be purchased by private households or issued by third parties such as employers, municipalities or social funds as prepaid or social service vouchers. The French CESU scheme involves around 3.4 million households, representing approximately 13 percent of all French households, with the prepaid version used by around 860,000 user households. Almost 1.5 million workers are employed in the French PHS sector, with two-
thirds in direct employment with private households. Altogether, PHS employment represents 500,000 full-time equivalent jobs in France. These numbers have increased with the generosity of the public support given to the system (Farvaque 2013). In Belgium, the titres-services system involves around 800,000 active users (approximately 10 percent of the adult population) and around 150,000 PHS workers (or 60,000 full-time equivalents) in different types of service-providing agencies, involving commercial enterprises, active labor market policy bodies, municipal agencies and others. In the Belgian system, which is restricted to non-care services and employment with external providers, women, low-skilled workers and migrants are overrepresented in the PHS workforce, which mainly consists of part-time workers (Gerard/Neyens/Valsamis 2012). These large systems can be taken as a benchmark regarding the maximum employment creation in PHS with appropriate institutional conditions.

8 Regular jobs can be created with appropriate regulation and organization, while the quality of jobs can be improved to some extent, also via training (although this potential is limited).

In terms of the working conditions of the employees working in the PHS sector, it is notable that jobs can be made a part of the regular labor market regarding wage setting, social protection, working time or training. Furthermore, it is possible to make formal PHS affordable through suitable policies, in order to reduce the share of PHS in the informal labor market. A significant decline in undeclared work in personal and household services has been observed in France, currently estimated at a share of around 30 percent. This is similar to Belgium, above Sweden with 15 percent, yet significantly below Germany, where undeclared PHS employment is estimated at a minimum of 45 percent, if not 80 to 90 percent, Italy and Spain with around 70 percent and the UK with 50 percent. Lower shares of undeclared and informal work can also be observed in other countries that have started to invest in making PHS affordable, e.g. Finland and Sweden. Moreover, the German Minijob scheme combined with tax incentives has at least led to a marginal decline in shadow economy activities (Farvaque 2013).

The Belgian and French experiences show that regular jobs can be created with appropriate regulation and organization, while the quality of these jobs can be improved to some extent, also via training. However, even under most favorable and regular employment conditions, wage levels and potentials for upward mobility will be limited in the PHS area. In general, available empirical data – also in respect of the French and Belgian voucher systems – regarding the quality of the working conditions, such as the part-time employment rate, staff pay, etc., is better than information concerning the quality of the service provided. These data provide information on the working conditions, which are more-or-less conducive to the delivery of high-quality services. In turn, this has an influence on the quality of personal and household services, although it can hardly be considered a systematic assessment of the quality of services provided (Sansoni 2009: 31ff.; cf. also Defourny 2009).

High-quality services not only require quality standards for the services as such, but also qualified staff. This means that vocational and academic training at various qualification and job levels is equally important as the working and employment conditions that determine the attractiveness of a career in personal and household services. The competition between various providers of such services can contribute to an adequate and cost-efficient provision
of services, provided that standards regarding working conditions, pay and training are set and observed.

9 Formal personal and household services will not work without substantial public/social investment – PHS employment generates some earn back effects, but personal and household services will likely not be cost neutral.

Formal PHS provision competes with PHS organized in the informal sector and work undertaken by household members. Hence, demand for formal PHS is highly sensitive to cost and quality considerations, as well as other more cultural barriers to externalization in the formal market. The formalization of PHS at a certain wage level, including full social protection, makes these services clearly more expensive than those offered on the black market. This is particularly true for countries where minimum wages exist and non-wage labor costs in terms of social insurance contributions are relatively high (Angermann/Eichhorst 2012). High price elasticity of demand for PHS is probably most important in explaining the different levels of formal PHS provision (outside care) across European countries.

Even though households demanding PHS might be willing to pay a higher price for formal services with better quality, this will be too costly for many households with low and medium incomes, without policies to reduce the costs incurred. In order to facilitate broad access to formal PHS, some public expenditure for a targeted cheapening of PHS bought on the market is required, either via support for suppliers or through a subsidy to demanding households, whether this involves a lower VAT rate, reduced social insurance contributions, an income tax deduction for user households, a direct transfer (e.g. by issuing service vouchers at a reduced price) or a combination of these (Farvaque 2013). To ensure neutrality between different suppliers and strengthen customer power on the market for PHS, a subsidy to households using formal PHS is preferable. Tax incentives with generosity varying over time exist in countries such as France, Belgium, Finland, Sweden, Germany, Luxembourg, Italy and Denmark. The introduction or expansion of such tax advantages has led to an increasing number of households using PHS, as well as more employees in the system.

As an illustration, it is useful to take a closer look at the Belgian system, where service vouchers worth one hour of formal PHS at 22.04 EUR can be bought at a price of 8.50 EUR, which is lowered even further due to a 30 percent tax deduction (up to maximum expenses of 2,720 EUR); consequently, the effective cost encountered by private households is only 5.95 EUR per hour. Service vouchers can be used for a defined range of non-care PHS (cleaning, ironing, gardening, shopping, cooking, etc.) provided by certified agencies. Furthermore, it is also instructive to revisit the current French CESU scheme, where a reduced VAT rate is combined with reduced social taxes and tax deductions for user households of 50 percent up to 12,000 EUR per year, with higher limits for first-time users and elderly people. Moreover, households not liable to income taxes receive a direct refund, while employers handing out service vouchers do not have to pay social security contributions on them. Further tax incentives exist for third parties sponsoring service vouchers.

A subsidy needs to be permanent and reliable in order to develop a sustainable market for PHS with sufficient service capacities. Regional and temporary pilot projects can certainly
give some ideas in terms of the potential of establishing a formal PHS market, although the
withdrawal of public subsidies regularly leads to the decline of the infrastructure created.
Similar lessons can be derived from temporary regional pilot projects. In the Austrian case, a
non-subsidized voucher scheme suffers from very low take-up rates (IWAK 2011).

Studies show that additional PHS employment stimulated by a subsidy generates some earn
back effects in terms of taxes and social security contributions paid by PHS employers and
employees, savings on unemployment benefits for those who find a job in the PHS sector
and, finally, higher taxes and social security contributions stemming from the increased
employment or working hours of those relieved from intra-household service provision. As
shown by the Belgian example, gross annual costs for the subsidy scheme amount to 1.7
billion EUR, although earn back effects from job creation in PHS companies can be estimated
at 911 million EUR, while additional revenues from user households earning more total
approximately 450 million EUR (Gerard/Neyens/Valsamis 2012). Despite earn back effects
comprising around three-quarters of the initial public expenditure, it is clear that PHS will
probably not be fully cost neutral to the public budget. In the Belgian case, there is a final
annual net cost of 3,500 EUR per PHS worker (with a gross cost of around 11,000 EUR per
year). However, existing estimates do not consider dynamic effects such as better
professional careers achieved by those who do not reduce their working time or leave the
labor market to provide PHS to their household. However, estimates for other countries
show large differences in the net cost per job created, including with respect to the
implications for the public budget. For instance, with gross expenses of more than 6 billion
per year, every PHS job in France is estimated to cost around 11,800 EUR gross per year,
although existing studies are not fully conclusive regarding the final impact on the public
purse. A positive overall balance has been found in the case of Finland, while an either
neutral or slightly positive balance has been found in Sweden (Farvaque 2013).

Finally, direct public funding can be limited if other actors, particularly employers and other
private actors, are involved in the system, with the French experience representing an
important case in point in this respect. Under the CESU arrangement, employers,
municipalities and social funds can hand out prepaid service vouchers to their employees,
citizens or clients to use PHS. Particularly in a situation of growing skills shortages, where
employers are interested in avoiding loss of skilled staff due to care obligations, there is a
strong incentive to support the delivery of PHS to employees.

10 The organization of personal and household services is open to many
models of service delivery, yet will work best building upon and developing
existing structures. Direct employment by private households is only one
option, yet has its limits.

Personal and household services are feasible with many different models of delivery, ranging
from public provision to non-profit and purely commercial suppliers from different
professional backgrounds such as old-age care, cleaning or crafts. Furthermore, private
households can act either as customers of services or direct employers of service workers.

In terms of formalizing and professionalizing services, delivery structures involving external
service providers are preferable over direct employment with the private household.
Specialized agencies can create substantial employment on a part-time or full-time basis,
ensuring favorable working conditions, social protection inclusion and training much more
easily than private households acting as employers. This is evident from a comparison of the Belgian model, which exclusively relies on professional agencies as suppliers of PHS, with the German experience, where direct employment under the marginal part-time model (Minijobs) is dominant. In Belgium, the voucher scheme relies on external agents who employ service workers as part of a regular employment relationship. Moreover, combining different tasks with a professional supplier also allows for a larger range of services that can be delivered to a private household. In addition, they can also take care of particular, even temporary, needs and ensure continued services in the case of the sickness or leave of individual services’ workers. In Germany, this leads to a strong fragmentation of the PHS labor market with many small jobs involving few working hours, low pay and without any training and only limited social protection. Specific flexible contractual arrangements for direct employment by households also exist in the Netherlands, Slovenia and Italy, as well as Poland and the UK (Farvaque 2013). However, there is no need to define a specific, highly flexible and rather precarious type of employment contract for PHS in order to enable lower costs, i.e. lower remuneration, particularly if policies to lower final prices for consumers are in place. Rather, integrating PHS workers into regular labor law and businesses can help to attract and retain personnel and tends to facilitate vocational training and employment stability. This can be combined with subsidized forms of service vouchers to facilitate the organization and delivery of formal PHS to private households. Vouchers can be used to purchase services from registered providers and remunerate them while easing the administrative burden involved. Furthermore, market transparency, which is another driving factor of the take-up of formal PHS, can be established more easily with professional PHS providers if they follow an accreditation and certification procedure to enter the system (again, see the Belgian and French models). Hence, the organization of PHS is open to many models of service delivery, although it will work best building upon and developing existing structures at the regional or local level. Public support and subsidy schemes should be neutral regarding different types of organization, which can best be achieved by stimulating the demand rather than supply of PHS. However, measures to establish provider structures, market transparency and relevant vocational training schemes are complementary to public subsidization. Direct employment by private households is only one option, although it has its limits given that it creates some barriers to professionalization, the improvement of working conditions regarding substantial jobs paid according to wage standards and further training. Regular part-time or full-time jobs with decent pay and access to training are more easily organized (and monitored) with specialized service providers.
Conclusion

Looking at European countries, we see that implementing suitable institutional reforms can improve the provision of formal services in both personal and household services, as well as better utilizing the existing employment potential. The future organization of PHS will depend upon how these services are defined and demarcated. From the users’ perspective, this primarily concerns a proper supply and provision of services of various kinds, regardless what the institutional responsibility and financing might be. In many countries, an important distinction is made between a core of welfare state arrangements governing care services and organizationally separate other personal and household services. Establishing better-integrated service structures would require the previously separate segments to be understood as a sort of continuum of services of various types, which, in turn, will have an impact upon the organizational and financing structures. These services should be available in their entire range, in good quality and based upon the obtaining demand. Universal systems with standardized rules and a broad coverage provide the best universal access to PHS. Of course, informal care of relatives and relatives’ own household work will likely continue to play a huge role; indeed, in view of the demographic pattern, the potential of familial support should not be overestimated. Nonetheless, “intensive care” provided within the family also has potentially negative effects, including less gainful employment among caregivers, a lack of professionalism and huge physical and emotional stress. Such factors prompt caution in terms of the expectations from this sector.

Therefore, the central challenge remains a demand-based expansion of formal personal and household services. In order to develop personal and household services as a reliable infrastructure, an integrated approach is needed. With appropriate institutional conditions, it is possible to create more jobs in formal PHS and thus also establish a formal labor market for household activities. In this sector in particular, mobilizing these growth markets requires appropriate political decisions. An expansion of formal PHS can have a positive effect upon the availability and quality of the services, the gainful employment of service users and providers and the availability of skilled staff.

Experiences from EU Member States that are readily available at present clearly show that an expansion of formal services requires sustainable funding, which will have to be, in part, public in both personal and household services, when these services are to be made affordable to users without employing low-wage workers. Integrated services that provide solutions geared to the respective needs will always operate on the borderline of welfare-state-financed care and partially publicly subsidized household services. While a solidary financing seems to be most important in the core areas of personal services, and particularly nursing, private co-financing by private households and users seems to be acceptable in other areas, in particular for residential arrangements (accommodation and board) and housekeeping services. If employers or other sponsors who benefit when employees, i.e. relatives, are relieved from rendering informal services are also involved in the co-financing of PHS, this may well reduce direct public costs. Thus, an assured availability of skilled staff can also mean employers’ support for a procurement of services in the market. The public funds that will be needed have to be considered alongside the revenues triggered by a higher employment rate, more working hours among caregivers and care-recipients’ relatives, women in particular. However, it is difficult to precisely assess to what these revenues from taxes and social contributions and the low expenditure on cash benefits may amount.
This is not only a question of more money and public funds, but also about **effective control and quality assurance mechanisms** needed to use the funds in a targeted and efficient fashion, as well as being able to provide high-quality services. Universal systems also require an efficient use of funds if they are to be maintained on a permanent basis. If we want to avoid an over- and/or undersupply, it is important to achieve the right combination and coordination of PHS. Setting quality standards for household services remains a pending issue, while it is also important to support and brief on quality assurance in the care segment. For household services in particular, there is much to be said for **replacing private households as employers with a user model of pooled services**. Without simplified processing and appropriate and long-term funding, it will be very difficult, if not impossible, to establish a formal market for household services. A transition to a model of pooled services provided by specialized providers would also facilitate the creation of full-time or (longer) part-time jobs, setting qualification standards, providing appropriate vocational training and continuous skill updating and a better integration in social protection and labor law. In turn, this would **upgrade the image of these jobs**, establishing them as a “normal” part of the labor market. The quality of services, the qualification of PHS workers and the quality of work are interlinked. Accordingly, creating better working conditions and more stable employment as well as training opportunities and skills can help to improve the attractiveness of PHS jobs, which are often perceived as low-value jobs in European countries at present.

Personal and household services show a huge potential regarding job creation and relieving previously informal or illicit workers. However, these positive effects require prior **societal investments** — especially in terms of funding — as well as innovative service solutions. Tight budgets make rendering high-quality services under good working conditions difficult; after all, quality is not free. A universal system of PHS requires a societal decision as to whether or not these services should be developed in a formal labor market under acceptable conditions. Professional and high-quality services simply require permanent funding, and are justified by the potentials that we have shown herein, provided that it is connected with efficient organizational structures and quality standards.
References


