



PHS-QUALITY Project

Job Quality and Industrial Relations in the Personal and Household Services
Sector - VS/2018/0041



POLICY PAPER: DENMARK

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1. Introduction

The present policy paper includes the major findings of the Danish national report from the EU-funded project entitled Job Quality and Industrial Relations in the Personal and Household Services Sector (PHS-Quality project), with the project number VP/2017/004/0049, coordinated by AIAS-HSI, University of Amsterdam. From a comparative and multidisciplinary perspective, the PHS-Quality project studies the existing public policies and social partners' strategies towards personal and household services in ten EU countries, namely, Belgium, Denmark, the Netherlands, Spain, Germany, France, Finland, Czech Republic, Slovakia and the UK. Personal and household services (PHS) cover a range of activities that contribute to the well-being at home of families and individuals, including childcare, care for dependent older people and persons with disabilities, housework services (such as cleaning, ironing and gardening), remedial classes, home repairs, etc.

The project's main research question is: *How can legal regulation, public policy and social partners' action improve job quality and fight informality in PHS sector?*

The aims of the project are: 1) To provide insights into the experiences of implementing legislation and public policies aimed to improve rights, reduce informality and enhance service quality. 2) To analyse the challenges social partners face in improving conditions and rights through collective bargaining /social dialogue. 3) To discuss and disseminate the project results.

The methods used are semi-structured interviews with public authorities, social partner organizations and NGOs. 13 interviews have been conducted. The interview data were triangulated with desk research and analyses of collective agreements and other relevant documents from social partner organizations and NGOs, national statistics as well as research reports and academic research studies. Where nothing else is stated, the interviews are the source of information.

The report focused especially on two purposefully selected case studies: Cleaning and eldercare provided in private households. The project group jointly allowed us to choose eldercare and/or care for disabled as one of the two case. We chose eldercare due to a previous research project (BARSOP) as well as the difficulties in including both eldercare and disabled in one case. Another argument for choosing the two areas as the empirical cases is that they together cover a large part of the Danish PHS sector and thus are relevant to explore in greater details.

2. Summary and conclusions

In this report, we have attempted to answer the research question common to all the national studies as it was stated in the introduction: *How can legal regulation, public policy and the social partners' action improve job quality and fight informality in PHS sector?* It was furthermore an aim in the project to describe the PHS sector in each of the countries involved, in this case Denmark.

The analyses have consisted of a general overview of the PHS sector in Denmark and sector studies of the cleaning and the eldercare sector, respectively. The *main findings* are:

- Regarding the PHS sector in general, although the eligibility criteria for public funded assistance appears stricter in recent years, the public provided and public-procured types of PHS continue to be widespread and thus reflect the universal Danish welfare state. The private-formal type of PHS is also substantial, but it has not been possible to determine the exact size of this as well as of the private-informal type.
- Denmark has an extensive legal framework directly or indirectly relevant for PHS-workers, but the ILO convention 189 has so far not been ratified, which is down to the main actors' fear of unnecessary intervention in legislation and the collective agreements. Apart from this legal framework, the collective agreements provide an equally important framework for pay and conditions for PHS workers.
- The social partners have also developed a series of initiatives to improve pay and conditions. These initiatives are relevant for PHS-workers in both the cleaning and the elder care sectors, but are not always limited to these. Several of these initiatives are linked to the collective agreements.
- Due to a substantial overlap between the two selected sectors, we found a number cross-sectoral similarities. However, the private-formal and private-informal types of PHS are likely to be more widespread in the cleaning than in the eldercare sector, where pay and working conditions on average appear better. There were also found more self-employed and marginal part-timers in the cleaning than in the eldercare sector while increased work-intensification was a challenge seen in both sectors.

2.1 The general overview

In the general overview, we found four types of PHS services divided according to their financial sources and degree of formality: 1) The private-informal type, 2) the private-formal type, 3) the public procured type and 4) the public type. It has not within the limits of this project been possible to determinate the size of each of these types, although we have estimated that the private-informal part only covers one or a few percentages of the formal economy and labour market. In Denmark, a large part of PHS - especially care for the disabled and the elderly

- is financed by public sources and therefore of the third and fourth type, contributing to the size of these types. However, the private-formal type is sizable too.

The present study – both the general overview and the two sector studies – has provided most knowledge about the public and public procured types of PHS, some knowledge about the private private-formal type and limited knowledge about the private-type, as this is the most difficult one to investigate. Regarding the content, we demarcated the PHS-sector to childcare, care for disabled, eldercare, household services (including cleaning) and home repair along the decision by the project team.

With regard to the legal framework related to the whole of the PHS sector, Denmark has voted for, but not ratified, the ILO convention 189 regarding domestic work. This is partly because Denmark has no tradition for automatic ratifications of ILO conventions and because both the right-wing and the center-left governments along with Local government Denmark found that only a very small number of PHS providers would benefit from the new regulation following a ratification and that the regulation could interfere with existing collective agreements. The main trade unions confederation (LO, now FH) initially supported the ratification, but ended up supporting the other main actors' position. Another PHS-relevant convention is ILO convention 94 on labour clauses, which Denmark has ratified.

Other relevant pieces of legislation include the Social Services Act (specifying most types of social service provided by the municipalities), the Housing-Job Scheme (tax relief of PHS activities), Holiday Act, Health and Safety Act, the Salaried Employees Act, various parental leave legislation, the House Assistant Law (targeted at PHS services in the agriculture sector) and the Written Statement Act. Also the au pair regulation, which has been tightened twice in recent years and has contributed to a decline in the number of au pairs in Denmark, is part of the legislative framework. On the top of these laws are the rules and regulation laid down in the collective agreements.

2.2 The sector studies

The two chosen sectors overlap to a great extent, in that cleaning is an important part of the eldercare. The two sector studies were structured on the same five themes (Legal framework and policy initiatives, Main actors, Wages and working conditions, Challenges and social partner initiatives, and finally Relations between job quality and service quality) along which the comparison below with the structured.

However, first a short presentation of the sectors' *main characteristics*. Besides the recent waves of public procurement and privatization, it can be noticed that the cleaning sector was relatively lightly hit by the economic crisis, which started in 2008. Since 2010, the sector has seen modest growth rates, but the number of companies and employees has continued to decline up until 2014. A

decline in the number of cleaners in the public sector has not been accompanied with a similar increase in the private sector. Cleaning in private households is relatively widespread in that recent figures indicate that 11% of Danish households rely on private cleaning services, covering both the private-formal and the private-informal type of PHS. Most private companies providing cleaning services to private households are small- or micro-companies, if not self-employed without employees. Recent studies estimate that 4-10 % of Danes had purchased cleaning and window services that can be characterized as undeclared work, typically performed by female relatives or friends rather than private companies.

The public provided and public procured types of elder care cover personal care (including personal hygiene, dressing, getting out of bed, eating etc.) and practical assistance (including cleaning, laundry, shopping, preparing food, etc.). Care for the elderly is public funded, administrated by municipalities and for a large part free. It is likely the largest of the PHS-subsectors. Access is subject to needs testing by the individual municipalities who set the eligibility criteria. The share of 'weak elderly' (elderly who declare themselves in need of help), who receive home help in the form of practical assistance has declined from 43 % in 2007 to 25 % in 2017. This has naturally also effected the public-formal and public procured types of cleaning PHS. Reflecting this development, employment in the eldercare sector declined by 2 % in just in five years 2010-15. We did not manage to find much information on the private-formal and private-informal types of eldercare, apart from the finding that the private forms of elder care have not substituted the declining level of public or public procured home help.

The *legal framework and policy initiatives* presented above is relevant for both sectors. For cleaning PHS, especially the labour clauses, the Housing-Job Scheme and the Health and Safety Act is important, the latter both because of its regulation of work processes on the ground and because of the loop-holes it includes regarding self-employed. For eldercare PHS the labour clauses should also be emphasized, in that public procurement is used extensively also in this sector. Apart from that, the fundamental change in the Service Act with the introduction of rehabilitation (aiming at making the elderly able to perform parts of the tasks that the home helper previously provided) has had a huge impact on the work of the home helpers as well as for the extent and type of help, the elderly receive.

The *main organisations* are on the trade union side (FOA) and on the public authority side (Local government Denmark) the same in the two sectors. Local government Denmark is also the public employer in both sectors, whereas the cleaning sector furthermore includes the private employers organizations' SBA and Danske Service. The cleaning sector has also seen a number of digital platforms entering the market, whereas the eldercare sector has Denmark's possibly largest and strongest NGO, DaneAge, among its main actors. 68 % are

union members in the cleaning sector (but fewer in cleaning PHS) and 74 % in eldercare sector.

Wages and working conditions varies between the two sectors. In cleaning PHS, they are mostly regulated by individual contracts or practices by the company, platform or individual and less than 20 % of the employees in the cleaning sector is covered by collective agreements, which is substantial lower than for the cleaning sector in general. Those that are covered fall under very centralized wage system and are eligible to a large number of social benefits additional to those provided by legislation. Regarding wage levels, an estimate suggest that 30 % of the companies pay below the collectively agreed minimum wages. 17 % in the sector work as self-employed, and no less than 42 % on marginal part-time.

Compared to this wages and working conditions are in general better in eldercare. Wage-levels are in general higher, reflecting a larger share of skilled employees, there are fewer self-employed and although part-time is widespread, marginal part-time stands at ‘only’ 28 %. Collective agreement coverage is close to 100 % for the public PHS type, whereas it is unknown for the public procured and the private-formal types. However, the home-helpers have experienced work-intensification in recent years.

In both PHS sectors - the *social partners - jointly or unilaterally - have taken a number of initiatives* which are either targeted PHS workers only in the two sectors or targeted at larger groups, including the two sectors’ PHS workers. Several of these initiatives are linked to the collective agreements. Placed under cleaning, but with relevance for both sectors, are the labour clauses related to ILO convention 94. In the cleaning sector, a two-tier wage-system including company based wage bargaining was introduced in 2017 in order to introduce possibilities for wage increased and productivity improvements in the sector hitherto marked by a very centralized wage system. The sector also includes collective bargaining based initiative to strengthen the rights of atypical workers, among them the introduction of a sector-specific wage supplement. Finally, we included the first-ever collective agreement covering platform workers in the cleaning sector.

With regard to eldercare, the case chosen were a joint municipal- employer initiative to prevent insolvency among private care providers, wages increases targeted care worker to create pay equality and hinder labour shortages and new rights for employees with contracts of few hours, resulting from what the European Commission considered a breach of the EU’s part-time directive. Finally, the trade union and NGO initiated au pair network to protect, support and empower au pairs.

Several of these initiatives have had effects as mentioned. However, they have far from overcome all the problems, e.g., a highly competitive market in the cleaning sector leading to downwards pressure on wages and conditions, and pressure on public budgets leading to work intensification for home-helpers in eldercare.

Finally, with regard to relations between job quality and service quality, in the cleaning sector our findings indicate that low job quality among cleaners in some instances influence the quality of cleaning services provided, especially in situations where the cleaners are late for their appointment, short of time or have to send a replacement. However, different Danish surveys indicate that most users are pleased with the services they receive in their private homes, irrespectively of whether the service provider is a private company or public authority. In the eldercare sector, a literature review found no clear evidence with regard to increased or decreased quality of the services and the few available source point to stability rather than change, also in relation to the question of service quality before and after procurement. However, reports from a number of municipalities and stakeholder interviews indicates that there is a connection between job quality and service quality.

2.3 Future research

As stated above, it has not been possible to determine the size of the private-formal and private-informal types of PHS. Moreover, we have only to a very limited extent managed to get information of pay and conditions in the private-informal PHS-type. As we unsurprisingly have indications that it is in the private-informal type of PHS that most pockets of potentially problematic pay and conditions are found, future research could focus on this PHS-type.