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## Exploiting the employment potential of personal and household services

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On the 18<sup>th</sup> of April 2012, the European Commission launched a public consultation on exploiting the employment potential of personal and household services. EFSI, the European Federation for Services to Individuals, takes the opportunity to set out its view on the subject. EFSI represents federations and companies involved in the development of personal and household services such as home services (housework, ironing, gardening, small repair work, etc.), help on administrative tasks, delivery of food and specific services to enable disabled, dependent and elderly people to continue to live in their own home.

EFSI welcomes the European Commission recognition of the job creation potential of personal and household services (PHS) defined as being “*a broad range of activities that contribute to well being at home of families and individuals : child care, long term care for the elderly and for persons with disabilities, remedial classes, home repairs, gardening, ICT support, etc<sup>1</sup>.*”. EFSI firmly believes that a better recognition and understanding of the PHS sector at the European Union level will lead to an increased support for the development of PHS sector at national level.

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### **1. What are your views on ways to improve measurement and monitoring of the employment levels in personal and household services, taking into account the impact of the on-going crisis, loss of purchasing power, labour market exclusion issues and the potentially positive effect on the creation or growth of SMEs ?**

EFSI believes that the major obstacle to a reliable measurement and monitoring of the employment levels in the PHS sector is the predominance of informal work. In 2010 the share of informal work in the market of personal services amounted to 70% in Italy and Spain; 50% in the UK; 45% in Germany, 40% in the Netherlands, 30% in France and Belgium and 15% in Sweden<sup>2</sup>. Informal work can compensate an insufficient supply (e.g. Germany) but above all, it has numerous negative

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<sup>1</sup> Consultation document, p.4

<sup>2</sup> French Ministry of Economy, 2011.

consequences such as pushing toward a decrease of wages, deteriorating working conditions and creating an economic loss for the State (e.g. Spain).

This is why, EFSI considers that any public intervention in the PHS sector should first and foremost make formal employment less costly and more attractive for users by (1) promoting a wide and fair solvency of the demand; (2) guarantying users' freedom of choice and (3) structuring a supply of quality services and jobs. As such, promoting formal employment will directly improve the measurement and monitoring of the employment level, favor the inclusion of low-skilled workers in the formal labour market and enhance their working conditions. Public interventions implemented in Belgium, France and Sweden have shown a positive effect on the creation and/or growth of 1.022<sup>3</sup>, 8.300<sup>4</sup> and 13.500<sup>5</sup> SMEs, respectively.

In the current context of economic crisis and public finance constraints, EFSI underlines the importance of designing a long-term system which is financially manageable. EFSI shares the views expressed by the European Commission in the consultation document that in-depth analyses of the real cost of public interventions taking into account possible direct and indirect earn-back effects are necessary. The Belgian service vouchers example given is convincing. One can also name the French case where the gross cost of the public intervention amounts to €6.3 billion and the direct and indirect earn-back effects are estimated to be €9 billion which results in a €2.7 billion benefit for the State<sup>6</sup>. Furthermore, in order to reduce the cost for public finance, the solvency measure can be conceived as a transitional and/or a decreasing one. In addition, the system can be co-financed by companies for their employees, thus also fighting the loss of purchasing power.

## **2. What are your views on the utility of developing sharing experiences, especially concerning tools used or planned to support the personal and household services with a specific attention to the cost effectiveness and the reduction of undeclared work ?**

Member States face the same demographic challenges (ageing of the population, higher proportion of women in the labour market, etc.) but their cultural heritage, social protection systems and public policies are different. A successful public intervention supporting the PHS sector should be specific to each country. Past experiences has shown that most of them need to be fine-tuned over the years.

However, EFSI firmly believes that sharing experiences is all the more necessary as it fosters knowledge building and helps creating innovative solutions and anticipating future needs. It can help a public authority to overcome conceptual problems such as matching the supply with demand, fixing the solvency rate, enhancing the PHS and employment quality. Sharing experiences is also crucial to overcome technical problems as many countries have already implemented innovative and diverse tools. As an example, the "*CESU social*" voucher is at the same time a tool favoring formal employment in the PHS sector and a cost-effective solution used by local authorities and pension funds to distribute subsidies or allowances in the framework of long-term care support provisions for elderly and dependent people. The "*Titres-services*" voucher in Belgium is a mix of an *ex-ante and ex-*

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<sup>3</sup> According to the 2010 evaluation of the *Titres-services* system made by Idea Consult for the Belgian Federal Public service Employment, Labour and Social Dialogue, 2010 figures.

<sup>4</sup> According to the *Fédération du service aux particuliers*, 2010 figures.

<sup>5</sup> French Ministry of the Economy, 2011.

<sup>6</sup> According to Olivier Wyman study of June 2012 entitled "*services à la personne : bilan économique et enjeux de croissance*".

*post* financial public support for the PHS users whereas in Sweden, the PHS users can benefit from an *ex-ante* public support.

Thus, EFSI calls on the European Commission to develop a long term scale sharing experience on the PHS as it appears to be one of the best ways of promoting new jobs in the sector at the European Union level. It can take various forms such as regular expert meetings, database implementation, benchmarking, knowledge dissemination, etc. and it should involve all kinds of stakeholders (public authorities, academics, service providers, etc.).

### **3. What are your views on ways of ensuring quality services and jobs (skill needs, working conditions), including possibly through development quality standards ?**

As already expressed in question one, EFSI firmly believes that any public intervention in the PHS sector should structure a supply of quality services and jobs. The quality of the PHS services relies heavily on workers skills and working conditions. Those two dimensions are interlocked and cannot be thought independently of one another.

In order to ensure a better quality of the PHS services, EFSI estimates that a better organisation of service delivery is needed. It includes internal management, user-centric processes, expertise pooling through networks, etc. Such actions lead to a greater individualisation of the PHS services and ensure a better responsiveness to user needs.

Working conditions (particularly wages and contract duration) in the PHS sector are directly impacted by several factors such as the constant tension between a growing demand for high quality services and users' reluctance to pay adequately for those services. In addition, PHS providers face a fear of budget cuts and uncertainty about the sustainability of the public intervention and future economic activity. EFSI considers it essential not to create a new form of domesticity. To this end, EFSI calls on the European Commission to act so Member States ratify the ILO Convention Nr. 189 on decent work for domestic workers adopted in June 2011.

Furthermore, EFSI pleads for the implementation of a sectorial social dialogue with the aim to adopt codes of conduct and bargaining agreements. Such a social dialogue needs workers' and employers' organisation which is unfortunately not the case today in most EU Member States. EFSI is aware of the complexity of implementing bargaining agreements in the PHS sector due to the high number of various activities and employers status covered by the sector.

Lastly, EFSI estimates that providers work towards a greater quality of jobs and services should be backed by assessment procedures either through common standards, self-regulation procedures or certification processes. These assessment procedures must relate both to service delivery and employees qualifications. EFSI believes that the definition of quality standards should result from a dialogue between public authorities, services providers and users.

#### 4. What are your other ways to ensure greater professionalization of personal and household services jobs ?

EFSI considers that a greater professionalization of the PHS workers is necessary. Those jobs require various technical and interpersonal skills that currently suffer from a lack of recognition in our societies. Furthermore, PHS jobs comprise largely of interpersonal relations, especially for services such as child care and long term care for the elderly and for persons with disabilities, and workers need assistance dealing with it .

The professionalization of the PHS jobs should concern the development of customer contact and organisation skills, services' design and delivery and the prevention of occupational hazards. It must consist of both a targeted initial training and lifelong learning. Lifelong learning is of particular importance as it favours workers' inclusion and assistance. EFSI considers that professionalization should be based on national regulatory frameworks establishing initial trainings articulated with effective vocational training systems. It should also comprise the possibility for workers to benefit from a recognition of prior learning enabling them to obtain a professional certification. In addition, national funds should be established in order to finance short missions supporting and advising providers. In this regard, a European support for trainings– through the European Social Fund for example – would be very useful.

Finally, EFSI wishes to stress that professionalization favors the structuring of the sector and makes the recourse to a legal provider most obvious for users (see above question one).

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EFSI calls on the European Commission to pursue its action in favor of personal and household services so that a real EU wide understanding and recognition of its challenges and employment potential emerge. To this end, EFSI invites the European Commission :

- to set up a **European Alliance for personal and household services**, with the aim to share the best of policymaking and to foster cooperation and mutual learning in the field. This European Alliance should bring together EU and government representatives as well as academics, services providers and users representatives,
- to ensure a comprehensive and transversal approach of personal and household services among European Institutions' directorates,
- to mobilize structural funds to help national public authorities to develop innovative solutions fostering the development of personal and household services.

**About EFSI:**

As the European Federation for Services to Individuals, EFSI brings national federations and associations as well as companies involved in the development of personal services in Europe. Through its members, EFSI is present in 22 EU members' states (Austria, Belgium, Bulgaria, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxemburg, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Sweden, United-Kingdom).

More info: [www.efsi-europe.eu](http://www.efsi-europe.eu)