What are the implications of the market orientation of social services for social work? This is an important question for the future of social work in the Nordic countries, – and discussion concerning the issue has also begun to some extent in Finland. This article attempts to provide some answers to this question on the bases of previous research on private social services. It is important that social work is an active partner in the formulation of its roles and the whole welfare policy in the welfare mix service structure.

Traditionally, Finland has applied the Nordic welfare state model, in which the public sector (i.e., municipalities) is responsible for the majority of welfare service provision (Kautto et al. 2001a). However, in recent years, the amount of private social services in Finland has rapidly increased. In the year 2002, the share of private social services was 24% when measured by expenditure or by the number of personnel. In health care, the proportion of private services was almost the same, 22% when assessed by expenditure and 17% by personnel. Here private means the service provision by private enterprises and third sector organisations, some for-profit and others non-profit. In terms
of expenditure, the share of these organisations was 17.1%, and that of enterprises 6.7% in the total provision of social services. The share of organisations was 18.1% and enterprises 5.9% when measured using the number of personnel (Kauppinen & Niskanen 2005).

Firstly, some possible reasons for the rapid rise of the private social sector will be presented, along with some research results on the private care sector in the Finnish context. The research results are from The Care Enterprises in Finnish Society research project (1999-2004), which was partly funded by the Academy of Finland. The project concentrated on the issues of the establishment of private care enterprise, the well-being of entrepreneurs, support systems for private enterprises (e.g. cooperation with the municipalities) and networks of private entrepreneurs (for instance with public sector staff or elected officials) and clients’ experiences of private care. The empirical data were collected using surveys and interviews from the entrepreneurs, their clients, public sector welfare staff, and appointed and elected municipal officials during the years 1999-2001. Special attention was paid to the enterprises providing home care, residential care for different clients groups, and private child care (Rissanen 1999, Rissanen & Sinkkonen 2004). Secondly, the future role of social work and social workers as private practitioners is discussed on the basis of the results of the above project and some studies from outside Finland. Although some trained social workers are employed in the private sector, there is not a great tradition of research into social work and social workers’ work in the private sector in Finland, and statistics in this area are weak.

As a whole, the research tradition on private social services is undeveloped in Finland. The earliest publications are from the middle of the 1990s (Kovalainen et al. 1996), which is natural since the growth of private social service enterprises occurred after this time. Traditionally, social services have been provided by non-profit organisations, which have sometimes also been the activators of new service types (e.g. home help) that have later moved to the public sector (Simonen 1990, Fuglsang 2001). From the point of view of social service history, it is interesting to note that the provision of some types of service is now returning to the private sector.

Internationally, the research on private social services, including social work, has been more extensive than in Finland. International studies and discussions have focused, for instance, on the social care markets (e.g. Wistow et al. 1994, Knapp et al. 2001), the motivation and the stress of the social care entrepreneurs (e.g. Andrews & Kendall 2000, Kendall et al. 2003), and the comparison of non-profit and for-profit organizations in the social sector (e.g. Giffords 2003, Schmid & Nirel 2004). The next steps in our research are connected to two different research projects. Firstly we will look the careers of the private social service providers. The research themes concentrate on, for example, the entrepreneurs’ motivation, job satisfaction, tacit knowledge, and the contracts situations. The main emphasis is on women’s careers, and this project
is funded by EQUAL programme of EU (www.uku.fi). The second research project, funded by the Academy of Finland, focuses on the public-private choice and partnership in social and health care (http://www.uta.fi/laitokset/tsph/terttu/projects/vuori.html).

Reasons for the growth of the private social sector

The growth of the private social sector in the Finnish context is summarised in Table 1. According to the latest available statistics from the year 2003, sheltered housing and group homes are the most extensive fields of activity. The number of units providing these services was over a third of the total number of 1 231 service units described in Table 1. The second largest were children’s day care providers with 675 units, and in third place, home help service providers (366). It is especially important for social work that the number of welfare services for children and young people has risen substantially during the period 1999 to 2003, with a growth of 167 units. This can partly be explained by the change in the position of foster families as providers of social care (e.g. establishing a small family enterprise for economic reasons). Another factor behind this rise is the increased need for welfare services of children and young people.

At the end of the year 2003, the number of employers in private social services was 28 492, as compared to 102 600 in the municipal social sector (Stakes 2005).

| Private social care units according to the main field of their provision 1999-2003 |
|---|---|---|---|---|---|
| | Organisations | enterprises | other |
| Institutions for children and young people | 214 | 259 | 314 | 354 | 381 | 66 | 314 | 1 |
| Institutional care for the disabled population | 9 | 8 | 7 | 7 | 7 | 5 | 2 | - |
| Institutional care for the aged | 54 | 53 | 55 | 50 | 50 | 39 | 11 | - |
| Welfare for substance abusers | 35 | 39 | 43 | 54 | 57 | 44 | 13 | - |
| Sheltered housing and group homes | 973 | 1 042 | 1 125 | 1 168 | 1 231 | 647 | 584 | - |
| Mother-and-baby homes and shelters for battered family members | 20 | 21 | 21 | 20 | 23 | 22 | 1 | - |
| Other institutions and residential care units | 119 | 112 | 107 | 106 | 117 | 109 | 8 | - |
| Children’s day care | 638 | 609 | 634 | 692 | 675 | 419 | 243 | 13 |
| Day activities and children’s day care centre services | 73 | 59 | 81 | 75 | 87 | 83 | 4 | - |
| Home-help | 366 | 353 | 376 | 357 | 366 | 101 | 265 | - |
| Sheltered work and vocational rehabilitation | 39 | 39 | 39 | 44 | 48 | 42 | 5 | 1 |
| Community-based rehabilitation for substance abusers | 22 | 23 | 27 | 28 | 28 | 28 | - | - |
| Other activities in social care | 55 | 47 | 56 | 63 | 73 | 51 | 20 | 2 |
| **In Total** | **2 617** | **2 664** | **2 885** | **3 018** | **3 143** | **1 656** | **1 470** | **17** |
It is difficult to identify one specific reason for the rise of private social services. International trends of privatisation of social services have also had an effect on the Finnish situation (e.g. Dellgran & Höjer 2005). The welfare mix model or welfare pluralism has been accepted as one solution to meet the increased needs of services in Finland, too. In particular, the needs of the elderly and disabled have been seen as challenges for public services. In Finland, municipalities have the legal responsibility to arrange social services, and many of them have taken private services as partners to respond to the increased needs. This has meant, for instance, that municipal home care has been restricted to those elderly people who need a great deal of care and help, while those elderly people with less needs are steered towards the private sector.

The rise is supported to some degree by the voucher system. In Finland, the new enactments on vouchers in social and health services came into force in January 2004. The survey done by the Government Institute for Economy Research (VATT) in April 2004 showed that the voucher programme had been initiated or planned in one in three municipalities. The greatest obstacle for implementing vouchers seems to be the incoherence in the legislation, which rules the use of vouchers for different purposes. This is most disturbing in the joint provision of home help and home nursing, which cannot be provided using the same voucher (Räty et al. 2004).

The voucher system has, however, been only one financial support system for the private sector. Other such systems include the purchaser-provider contracts and domestic help credit. Finnish taxpayers are entitled to a deduction if they have paid remuneration to the private sector for the care of an aged person or a child at home (www.vero.fi). Thus, the Finnish welfare system has accepted tools to support private services, which have been in common use in other countries. Although care insurance systems have not been seen as a solution in the Finnish context and the citizen’s support for the tax-based care system is still strong. For example, in the year 2004, according to a national survey, 81 per cent of Finnish respondents agreed with the statement “Even if the maintenance of good social protection and public services is expensive, the Finnish welfare state is still worth the price”. In the year 1992, the respective figure was much lower, 61 per cent (Torvi & Kiljunen 2005).

Previous discussion can be connected to the New Public Management (NPM) trend, which also has an influence on Finnish social services. New evaluation and management tools have been introduced; for instance, some Finnish municipalities are currently changing their organizational structures so that the double role of service provider and purchaser need not be problematic in the case of contracting out with the other providers of the services. In addition, the recently changed legislation of public procurement has had an effect on the buying and selling processes of social care at the municipal level. It is important to see which services are more likely to stay provided by municipalities and which by private sector. This discussion is in some way connected to the discussion on prioritisation, which has been fairly active in Finnish
health care (Lammintakanen 2005), but as yet, not as much in social care.

Clients’ attitudes and expectations also have a major role in the growth of private services. When comparing Finland and Germany for instance, German clients’ have far greater opportunities to choose the service provider. In Finland this is not available on such a great scale, but the private sector can and does provide clients the opportunity for choice, at least in the bigger towns. The situation is different in rural areas because of the public or private monopoly of service providers. This monopoly status can be a risk to the providers’ willingness to develop the services and therefore, also to the quality of the services (see also Healy 2002). However, it is likely that the disparities between public and private organizations may diminish in the future, which should be a positive process, at least to some degree.

Peter Dellgran and Staffan Höjer (2005) have investigated Swedish social workers’ attitudes towards privatisation and private practice, in particular, and argue that privatisation is not only a politically planned (policy-driven) process, but also includes a process of spontaneous privatisation (driven by demand). Their study of self-employed social workers shows that privatisation can be a strategy for status, legitimacy, autonomy, and control. Our research also showed that one reason for the growth of the private social sector has been the desire of social and health care professionals to set up their own enterprise. The next section will provide an answer as to why entrepreneurship has been a goal for care entrepreneurs. It seems that the reasons laid out may be to some extent connected to the social workers’ reasons for starting private enterprise (Røysum 2004, Dellgran & Höjer 2005).

Research results on private care providers and enterprises
The size of Finnish care enterprises remains quite small. Most of them provide work for only a couple of workers, and 30 per cent of respondents in our survey (n=456) did not employ any workers in their enterprise. One interesting and challenging question for the future, also in the Finnish context, is how big international companies affect the size of the enterprises. Based on the experiences from other countries, it is possible that the size of the enterprises will grow to some extent. It may be that the international companies will come to the smaller towns; at present, they supply services only in the biggest towns. In addition, it seems that some care entrepreneurs may expand their business to other municipalities (e.g. residential care units). One trend in Finnish social care and social work has also been the promotion of regional solutions to ensure the services in different regions.

Most of the owners of Finnish care enterprises are middle-aged women, who have left a public sector workplace to start their own business. Their know-how of the social or health sector is high and they have working experience from the same area. Thus, they have the professional substance, but their entrepreneurial and managerial skills are
weaker as their basic education did not include business education. Much emphasis is currently placed on business education thought at different educational levels in Finland (Ministry of Education 2004). Almost 60 per cent of the care entrepreneurs in our study had participated in entrepreneur courses, but many had hoped for more information on formulating prices and tools to improve human resource management in their enterprises. Some entrepreneurs were surprised at becoming human resource managers and dealing with managerial problems concerning members of staff.

Many of our respondents said that they had started their enterprise when their children were grown up. Research results showed that, to some degree, setting up an own business was an attempt by public sector staff to withdraw from the work model of the public sector and start something of their own. Many of the respondents were dissatisfied with the public sector’s work orientation, in which the organization’s rules could have a major role in the care, but not, for instance, the needs of children or the elderly. The study by Anita Røysum (2004) on seven Norwegian social workers working as private consultants partly supports our research results. The social workers interviewed said that bureaucracy could both steer and inhibit the meaning of their work, whereas through private consultancy, they were able to regain their professional identity and self-esteem. One potentially crucial factor when qualified social workers are looking for a permanent place of employment in the public or private sector seems to be their job satisfaction (including wage level).

A previous study (Vinokur-Kaplan et al. 1994) of social workers in public agencies, non-profit agencies and private practice has shown that those social workers who were private practitioners had the highest job satisfaction and were less likely to seek a new job (Dellgran & Höjer 2005). In our research, care entrepreneurs’ job satisfaction and motivation were high even when they were feeling stress. Their stress-level was as high as other entrepreneurs in different fields of business, and higher than the staff in the public sector. It seems often to be the case that at least the first three years are very hard for the entrepreneurs, and business literature contains much discussion on the so-called ‘valley of death’. However, only a few respondents were ready to give up entrepreneurship, and wanting to give up the business was sometimes connected to the entrepreneur’s family situation. The female entrepreneurs stated that support from family members was crucial, and a lack of it made running the business very difficult. It was also interesting to see that when the Antonovsky instrument of sense coherence was used, the entrepreneurs’ sense of coherence was relatively high (Antonowsky 1987). They believed that they were able to control their life.

There are different typologies for the entrepreneur as a whole (e.g. Smith 1967, Stanworth & Curran 1973) or for the woman entrepreneur (Goffee & Scase 1985, Sundin & Homqvist 1989, Orham & Scott 2001). It appears that the Finnish care entrepreneurs still have an artisan identity, but some of them are ready to extend their business and range of opportunities. One respondent said, “I am an entrepreneur in
the business of caring for the elderly. Elderly homes are a profitable business, but I am not going to do this all my life. When the financial side of the business is stable, I will change fields.”

The profitability of the enterprises varied and was partly connected to collaboration with the municipalities. In our sample, over 50 per cent of respondents thought the financial success of the enterprise was excellent (4%) or good (46%). The remainder felt that the financial success was satisfactory (46%) or poor (4%). The biggest problems with the municipalities concentrated on the length of contracts between the enterprises and municipalities, as well as the attitudinal opinions of the municipalities’ staff. Many of the entrepreneurs hoped for longer contracts because this would enable them to plan and develop the services. Contract issues have lately become a focus of research (e.g. Powell 1999, Peat & Costley 2000).

Alternatively, the municipal welfare workers did not always recognise the private sector as a partner, and, for instance, the information flow between the two sectors was insufficient. In the future, the importance of collaboration with the municipalities for the enterprises can and will change. Some types of enterprise will probably always be connected to public decision-making, for example, welfare units for children and young people. However, some types of enterprise can and have already broken away from the tight relationship with the municipalities. The financial situation of old people, in particular, will change the situation. In Southern Finland, some old people can afford to pay the fees of care homes by themselves without the municipal subsidies, but the situation varies greatly between municipalities. The issue of finance is crucial in social work, because social work has not traditionally been paid for by the clients themselves, and in effect, cannot be financed by them. The study, of van Heugten and Daniels (2001), shows that a third of social worker respondents were seriously considering leaving private practice. The reasons for this included financial issues and concerns about a shrinking market for their services.

Quality issues are important to private enterprises, and it appears that the private care sector has been very active in developing the quality of their services. Many quality projects are in progress, in which quality manuals are being prepared or in which the public and private sectors have jointly improved their quality (e.g. in the area of home care or child welfare). The Finnish Ministry of Labour has funded a project called the Child Welfare Quality Network, in which private foster homes for children and local social workers are working together to analyse and develop the work processes and create the best practice in child welfare. Special attention is placed on the interfaces between open welfare and foster care (www.isonetti.net). These kinds of projects and processes are likely to improve the quality of the service on both sides.

A reasonable number of care entrepreneurs network and collaborate with each other. These voluntary networks support their well-being and provide resources for concrete help when needed. It has been said that in the new line of business, it is very
important to have networks, because they make it possible to offer a new branch as an alternative to the old working patterns and models. The organization of social and health entrepreneurs (www.tesory.com), established 1995, has been one good network for entrepreneurs. This also shows the novelty of private social care in the Finnish context.

The clients’ point of view was only studied among elderly clients. Most of them were satisfied with the private home care, and felt that it was pleasant to have the required service at the required time. This is an interesting issue from the point of view of preventive care, by analysing what it means with regard to the old people’s willingness and readiness to accept services based on the preventive model of care (e.g. not to help too much, but to support old people’s own capacity). Interviews with elderly clients showed that family members and other significant others have major influence in the steering of the clients’ care pathways. The role of the social worker is sometimes central in steering processes when elderly people seek a residential care placement from the public or private sector.

Private social sector and social work

What does the growth of the private sector or, in more general terms, market orientation mean for social work? This is an important question for the future of social work in the Nordic countries. The discussion around this issue has also begun to some extent in Finland. For example, the key speakers at the national social work conference in Tampere 2005 concentrated on the impact of New Public Management (NPM) on social services, including social work (summary of their presentations: http://www.uta.fi/laitokset/sospol/sttutk/). The New Public Management movement is one strategy of market orientation, as an alternative approach to privatisation. It has introduced administrative and managerial practices within the public welfare service sector that remain, however, under public control (e.g. Dellgran & Höjer 2005: 41). This movement emphasises open competition among service providers, the separation of the purchaser and provider role, and using output or outcome measures in allocating funding and evaluation of the performance of services and individuals (Harris 1998). Alternatively, in those countries where the privatisation of welfare services took place earlier, the discussion concerns the roles and possibilities of social workers to become managers in the private care sector (Healy 2002) or in non-government organisations (Claiborne 2004).

Concurrently, Finnish social work is undergoing a process of reformation. The Ministry of Social Affairs and Health has launched a National Development Project for Social Services in Finland to reform social services during the period 2003-2007. The aim is to revamp the entire comprehensive welfare service system. This programme, together with the national programme to reform health care, is one of the most important projects of the present government. The major purpose is to improve
the availability and quality of welfare services (www.stm.fi). Some of the aims of the project concern social work, for example, time limits will be set by the law within which the need assessment in social work must be done. The advisory board of social work in Finland has produced a publication partly related to this national project, in which social work is defined as a tool of welfare policy. Articles in this publication attempt to provide answers to questions such as: “What are the individual and societal functions of social work?” or “What is social work needed for now and in the future? (Ministry of Social Affairs and Health 2004).

In these documents, social work is predominantly seen as being provided by municipalities. One important issue is, however, whether or not this is a reality in the future, if and when private social services are increased and the free market ideology has an even greater effect on the traditional Nordic welfare model. Nowadays in many Finnish municipalities, the welfare for intoxicant or drug abusers is or will be organized on a trust-basis. At present, only some Finnish social workers function as entrepreneurs in social services or in social work. Some of them have set up a child welfare unit or work as consults or supervisors. However, in some countries, the expanding of social work in private practice and free market ideology has been noted (van Heugten & Daniels 2001). Experiences from other countries have shown a variation in the content of social work whether it is organized publicly or privately (e.g. Vinokur-Kaplan et al. 1994, van Heugten & Daniels 2001).

Currently, there has been a significant increase in the number of private firms in Finland who hire medical doctors to municipalities on a contract basis. It is probable that in the future, the social workers’ workplace will increasingly be in private practice or in voluntary organisations, and the amount of social workers as entrepreneurs will increase. Traditionally, most social workers are educated for the public sector. However, in recent years, the private social sector (entrepreneurship) has, to some extent, become the content of educational programmes of welfare professionals. It seems that the private sector or different projects are tempting workplaces for highly educated social workers. This is to some degree connected to the wage level and also to the content of work. Some interesting questions are raised: “Can the private sector function as a tool to support professional development in social work?” (Røysum 2004, Dellgran & Höjer 2005), and “How will social workers’ occupation and professional skills be noticed and valued in the human service marketplaces in the future?” (Healy 2004).

The issue of market-based organizational structures of social work is strongly linked to the issues of public and private interest, and the very reasons why the Nordic welfare state model was established. For example, the principles of universal access to services and the continuity of services should be taken into account when the market or public lead solutions are discussed. It seems that it is only possible or sensible to organise a few tasks of social work privately. Business orientation cannot be the ethical foundation when fundamental decisions are made concerning the clients of social work. In
addition, we are at too early a stage of research on privatisation to see what will happen to the weakest clients if the private social services increase extensively. In health care, there has been much discussion on “skimming cream” when the private health sector has increased. Even a Nordic research group (Kautto et al. 2001b, 267) have not yet been able to say whether the reduction of public care services and increase of private and non-profit services have changed the universality principle in the welfare model in the Nordic countries de facto. Research is needed to examine the welfare questions as a whole, especially when the target groups are very vulnerable and marginalized, as most social work clients are. In addition, the discussion on privatisation should be more specific and it should be made clear what is meant by privatisation. In the social work context, the regulation and ownership of services can be issues of great consequence.

Social work can have an even more significant role in a diverse service structure compared to the previous public monopoly situation. One possible scenario is the role of social work as a co-ordinator of producers and the reinforcer of different kinds of services. The increasing private enterprises will be one partner in the service network in the mixed care or service structure, together with the families, relatives, voluntary organisations and health sector. International and recent national discussion concerning care or case management has been lively. Social workers’ professional skills are and have always been suited to this role, especially when different and demanding kinds of support and service networks must work together. In addition many writers (e.g. Lymbery 2001, Ministry of Social Affairs and Health 2004) argue that social work should not operate only at the practical level, and claim that the structural and political levels are just as important. This view becomes increasingly important when many actors are involved in the service structure and the dangers of different client groups falling through the safety nets are a reality. Social workers are often the first ones to hear of these new problems or see the holes in the safety nets. Their responsibility and task is to bring these issues to public and political discussion. The increasing private social sector should not deteriorate the equal distribution of welfare or social justice, but rather support it.

Thus, the role of social work, and that of social workers and other professionals, is connected to the mega trends of society. Social work must also change if it wants to respond to the needs and social problems of the clients, and be an active partner in the formulation of welfare policy. The rise of the private social sector will affect the public and private social work. It is important that social work and social workers can determine, – what are good examples to be recommended, and what are bad examples to be avoided in the development of welfare sector. For instance, what will happen to the financing or the qualifications requirements of social work? International experiences and research will partly help to solve these issues.
References


Performance, Administration in Social Work, 24, 1, 21-38.

http://www.isonetti.net
http://www.stm.fi
http://www.tesory.com
http://www.uku.fi
http://www.uta.fi/laitokset/sospal/sstutk/
http://www.uta.fi/laitokset/tspal/terttu/projects/vuori.html
http://www.vero.fi
Summaries

The number of private social services in Finland has increased rapidly in recent years. There are many reasons for this (e.g. the proliferation of new public management philosophy; different kinds of service needs; interest among professionals to become entrepreneurs). This article discusses this development in connection with the reformulation of social work. The background for the discussion comes from the research findings of The Care Enterprises in Finnish Society research project (1999–2004), partly funded by The Academy of Finland. The rise of the private social sector will affect social work in the Nordic counties. Issues concerning the attractiveness and suitability of private social work, as well its effect on the equal distribution of welfare, will become increasingly important in the future. In addition, the roles of public social work will change through the growth of private social and health services. The social work sector should actively redefine its role in light of reforming welfare policy and service structure.