



# Welfare Services in Flemish Municipalities: Measuring and Explaining Local Governance Regimes

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## Abstract

*In many countries, as in Belgium, welfare services are provided by either local governmental, private nonprofit, or private commercial organizations. Next to that, welfare service delivery is often embedded in local communities. In this article, we measure the prevalence of these three types of organizations at the local level, for the policy areas of child care and elderly care. Through the theoretical lenses of demand-side, supply-side and social origins theories, we also try to find an explanation for this relative prevalence. The results we present can be helpful in defining the limits local governments face in coordinating the heterogeneous field of welfare service deliverers in their local community, a role they have to play since the new Flemish Decree on Local Social Policy.*

**Keywords:** Local Social Policy in Flanders, Public, Nonprofit and Commercial Organizations, Child Care and Elderly Care

## Equality of opportunities in education – theoretical foundations

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studies, welfare policies and the functioning of central governments. Recently, he published in *West European Politics*, and his PhD (*Beleidswerk door ambtenaren en kabinetmedewerkers: Feiten achter de stereotypes. Een verkenning in de Vlaamse overheid*) was published in a book (2009, Vanden Broele).

## Introduction

Traditionally, welfare services in Flanders are provided by either local government, by private nonprofit organisations (often embedded in religious or ideological networks), or by private for-profit organisations. The service delivery organisations operate on the local level, as close as possible to the clients. Over time, this has resulted in a dense network of service providers from different sectors (public and private), although the prevalence of sectors varies a lot between municipalities. Studying these sectoral prevalences seems promising for theorising about the circumstances in which one or another sector prevails, especially in the case where local governments are expected to play a large role in coordinating and directing public service delivery governance regimes. This coordinating role has recently (2004) been confirmed by the Decree on Local Social Policy of the Flemish government. As we believe that local policies should be based on a thorough insight in (the reasons behind) the (possible) sectoral prevalences in welfare provision at the local governmental level, our exploration could support strategic choices of local governments. This article wants to add to discussion by presenting an empirical investigation into the relative prevalence of three sectors (public, private nonprofit and private forprofit) in service delivery in two policy areas (residential elderly care and child care for children aged between 0 and 3 years) in Flemish municipalities. The article consists of three sections. Firstly, we sketch the service delivery landscape in both policy areas and compare and discuss the prevalence patterns in both areas. Secondly, we try to discuss the descriptive findings. We will address the question why a certain sectoral pattern can be observed in a certain municipality. Hypothetical explanations for the sectoral prevalences can be derived from a large literature that has been eloquently described by Anheier (2006, see also Gronbjerg & Paarlberg 2001, and Corbin 1999). In the conclusion, we will discuss our findings, both from a theoretical point of view, and in relation to the policy-relevant issue of local government's role in coordinating complex policy areas.

## Elderly Care and Child Care in Flemish Municipalities: The Complexity Disentangled

Flanders is a Dutch-speaking region in the federal state of Belgium. Belgian regions have their own parliament and government with extensive autonomous regional competences in (amongst other) the policy area of welfare services. This means that Flanders has law-making competences in the welfare area, although some (parts of) competences are still regulated and subsidised by the federal state. The local governmental level, which consists of 308 municipalities in Flanders, governed by their own elected local government, has some additional competences with regard to welfare policy-making, and is also responsible for the coordination of social policy at the local level. Its main role however consists of the delivery of welfare services, either directed and subsidised by the federal or Flemish government, or delivered on their own initiative, financed by their own means. Analysing the Flemish welfare landscape, child care and elderly care turned out to be the best areas to study local governance regimes, because in both policy areas, organizations of all three sectors deliver services. As we will explain in detail further, we observe commercial, private non-profit and public resthouses for the elderly, as well as commercial, private non-profit and public child care facilities. Finally, both policy areas are relevant, as increasing demographical (e.g. ageing population) and societal trends (e.g. higher labour participation of women), press government to expand service supply in both areas.

## Residential elderly care in Flanders

Professional residential elderly care is about people moving permanently out of their house. People can go to a residential home for elderly care (a so-called resthouse), or a serviceflat. A serviceflat offers less specialistic care than a residential home does, and is designed for people that are still able to live autonomously and independent. People with special needs of a medical or nursery nature can go to a residential home where these care facilities are offered, besides common household facilities such as meals and leisure. There are approximately 76.000 places in residential homes and service flats. Most places (83%) are situated in residential homes. Relatively spoken, there are 5,85 places in residential homes per 100 people older than 65 years, and 22 places per 100 people older than 80 years. Because residential homes are the dominant care service in elderly care, because the target groups of both elderly care services differ a lot, and because the demand for service flats is of a different degree compared to the demand for residential care, we decided to focus only on the supply of elderly care in residential homes. The Flemish government regulates the residential elderly care sector, and has an oversight on whether the quality norms are reached by care providers. If the norms about e.g. admission-policy, respect for ideological and religious belief of the resident, quality of services delivered, hygiene, etc. are reached, then Flemish government can recognize and concede the residential home, which is a necessary condition for establishing and managing an elderly care facility. Elderly care facilities that have received the Flemish governmental recognition, are subsidised both by the federal government and the Flemish government.

## Child care in Flanders

The Flemish child care is supervised by the public agency Kind en Gezin. Kind en Gezin does not deliver any care service itself, it only regulates, controls and subsidizes pre-school (for children between 0-3 years) and out-of-school care (for children between 3-12 years). In the child care area there exists a difference between recognised and subsidised organisations on the one hand, and supervised but not (or hardly) subsidised organisations on the other hand. Supervised organisations are less heavily regulated with regard to personnel and infrastructural requirements, and can determine their own fees and admission criteria. Recognised and subsidised care providers are regulated intensely on quality and accessibility, and are obliged to ask parents a fee that depends on the taxable income and the familiar situation. The recognised and subsidised organisations have a public or nonprofit character, but this does not mean that all organisations with a certificate of supervision are for-profit organisations.<sup>3</sup> Both the subsidised (public or private nonprofit) and the private forprofit sector consist of two types of child care: group care or familiar type care (in the house of the care provider). In 2007 there were 69.433 places in Flemish preschool child care, implying a relative number of 35 places per 100 children from 0-3 year. Approximately two-third (64%) of the places are subsidised. 54% of the places are of familiar care type, 46% are group care like. Data from Kind en Gezin show that early 2007, 83.600 children attended pre-school child care. Comparing this number of users with the roughest demand indicator (number of children between 0-3 years), shows that approximately 43% of Flemish young children make use of formal child care services.

## Sectoral prevalences in both policy areas

After having sketched the demand and supply side in both policy areas, we will now compare the sectoral prevalences in both areas. We explore the prevalences in terms of places, and not in terms

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<sup>3</sup> As the recognition of a provider is coupled to subsidies, and as the budget for enlargement of the sector is scarce, a lot of public and non-profit organisations that want to be recognised or could be recognised, set up their own care organisations, without Flemish subsidies.

of residences or organisations, as the minimal size of care providers differs a lot between the two policy areas. Table 1 contains comparative data on the sectoral prevalences in both policy areas.

Supply capacity (in places)	ELDERLY CARE		CHILD CARE				Total	%
	Residential home	%	Subsidised group care	Subsidised family care	Non-Subsidised group care	Non-subsidised family care		
Public	23.923	38%	8.958	8.913	1.153	-	14.547	21%
Non-profit	34.423	54%	4.481	21.766	3.913	-	34.637	50%
For-Profit (Commercial)	7.036	11%	-	-	13.390	6.859	20.249	29%
Total	63.382		13.439	30.679	18.456	6.859	69.433	

**Table 1:** Sectoral prevalences in both policy areas

This table confirms the assumption that all three sectors are important actors in delivering care facilities in both elderly care and child care. In the area of elderly care, there is one sector that is rather small, as the for-profit sector represents only 11% of the total amount of places. In child care all three sectors represent more than 20% of the total capacity. In both policy areas, the non-profit sector has the largest share in total capacity. The Flemish welfare policy, and more specific elderly care and child care, is thus a typical example of co-management (Brandsen & Pestoff 2008) of service delivery between different sectors (nonprofit, public, and to a lesser extent commercial). Table 1 also shows that most of the non-profit capacity in child care is subsidised<sup>4</sup>, implying that the Flemish welfare area is a typical example of a governmentally subsidized policy area, in which the non-profit sector is mainly a government-dominant funded sector (Anheier 2006, Salamon & Anheier 1998). As the amount of places in both policy areas is large enough for statistical analysis and as all sectors take an important share of the total capacity in both fields, we are able to make a reliable analysis of sectoral prevalences at the local level.

In Flanders, there are 308 municipalities, which are the units of analysis in this article.<sup>5</sup> Table 2 describes the existing variation between these municipalities with regard to the number of places in each sector. The total number of places in residential homes for elderly care varies from 0 to 5251. On average, in Flemish municipalities, there are 199 places in residential homes. In child care, the maximum number of places is 4494, but on average there are 225 places in a municipality.

**Table 2:** Supply of elderly and child care in Flemish municipalities (N=308)

	ELDERLY CARE			CHILD CARE			
	Mean	Min	Max		Mean	Min	Max
Total places residences 2005	199	0	5.251	Total places 2007	225	0	4.494
Places in public sector	77,65	0	2.806	Places in public sector	47,19	0	1.535
Places in nonprofit sector	98,46	0	1.988	Places in nonprofit sector	112,46	0	2.065
Places in commercial sector	23,34	0	706	Places in commercial sector	65,79	0	1.137

<sup>4</sup> In child care only 11% of the non-profit places are not subsidized. In the public sector only 8% of the places are not subsidized.

<sup>5</sup> For a good understanding of this paragraph it is useful to keep in mind that there exist huge differences between these units of analysis as big cities as Antwerp or Ghent are compared to smaller cities or very small villages.

Table 2 also suggests that there is a large variation between the 308 Flemish municipalities in terms of supply of welfare services, and in terms of types of supplying organizations. There are, in other words, as many types of local welfare policy governance regimes as there are municipalities in Flanders. This observation brings us to the next part, in which we will try to explain this variation.

## Explaining Differences in Sectorial Prevalences

### Theoretical explanations

Three sets of hypothetical explanations for the extent to which public and private organizations (non-profit, for-profit) are engaged in welfare service delivery can be derived from a large literature on theorising, that has been eloquently described by Anheier (2006, see also Anheier and Ben-Ner 2003, Grönbjerg & Paarlberg 2001). These hypothetical explanations can be linked to (a) demand-side factors, (b) supply-side factors and (c) 'social origins' of the municipality.

#### *a) Demand-side explanations*

The first theoretical direction looks at the demand for welfare provision, or the needs for elderly and child care in municipalities. According to this line of reasoning, supply of elderly and child care will be organized in those municipalities where there is a demand that is large enough. However, this assumption cannot explain which sector (public, nonprofit, forprofit) will supply the services in case of large demand. Therefore, we need other demand-side factors in a theoretical model. The concept of demand heterogeneity may be a valuable starting point (Weisbrod 1988, Anheier 2006). Public goods theory assumes that the public goods and services provided by the public sector will always have the quality and quantity as demanded/desired by the largest segment in the population (the so-called "median-voter"), because serving this largest segment of the population is electorally spoken most valuable for public officials. The marginal (electoral) gains of delivering services to minority groups outside the median-voter segment are too small for public officials. This means that some segments of the population are left unserved or insufficiently served by public supply, because these groups demand other levels of quality and/or quantity than the services provided by the public authority. In societies that are characterized by a large demand heterogeneity, these unserved demands will be large. Hence, in a heterogenous society, private supply will be larger, compared to public supply (private sector fills large gaps that are left by public sector supply). Whether private sector supply will be nonprofit or forprofit, will depend on the nature of the demander. We could for example hypothesize that private for profit initiatives will prevail in municipalities with elderly people or young families that are relatively spoken better off (financially). On the other hand, nonprofit providers can be assumed to fill the gaps at the other end of the societal spectrum, by addressing demands of people that are left unserved by private forprofit suppliers (market failure) and by public sector suppliers. If this assumption is correct, we will observe more private nonprofit initiatives in municipalities with a population that is relatively spoken more distressed or less well-off. Based on the demand-side arguments, we can formulate two hypotheses. *Firstly*, in municipalities with a heterogenous population, heterogenous demand will be addressed predominantly by private sector suppliers (*governmental failure argument*). In municipalities with a homogenous population, homogenous demand will be addressed by public sector supply (*median-voter argument*). *Secondly*, in municipalities with a population that is relatively spoken well-off in financial terms, we will observe a large for-profit

sector. In municipalities with a population that is characterized by higher levels of social distress, we will observe a larger private nonprofit sector (*market-failure argument*).

### *b) Supply-side explanations*

The second theoretical direction looks at the supply of welfare services. A lot of literature has been published already on the social entrepreneur, explaining why people start nonprofit initiatives. Corbin (1999), Booth et al (1989) and Ben-Ner & Van Hoomissen (1991) all found that in municipalities that are relatively wealthy, there is a large private non-profit (and in some cases also profit) sector. Also the existence of human resources in a municipality (e.g. socio-economic status, education-levels, or age) may contribute positively to the size of the nonprofit sector (Galper 1999, Lincoln 1977, Guterbock & Fries 1997). These features point at a potential existence of entrepreneurs, which may be a prerequisite for a strong private sector (James 1987, Rose-Ackerman 1996, Young 1983). We can argue that in a municipality that is characterized by an averagely wealthy, well-educated and middle-aged population, there will be a large private welfare sector, because conditions for entrepreneurship are good. Based on the supply-side arguments, we can hypothesize that in municipalities with a population that is wealthy, well-educated and has a large segment of middle-aged people, there will be fertile conditions for entrepreneurship, from which a large private sector can emerge (*entrepreneurship argument*).

### *c) 'Social origins' of the municipality*

Social origins theory (Salamon & Anheier 1998, Anheier 2006) explains the prevalence of different sectors in public service delivery as the result of economic, social and political factors. Although the theory was initially developed by Salamon and Anheier for explaining size and composition of the nonprofit sector cross-nationally, some of the social origins arguments on sectoral prevalence could also be tested on the local governmental level. As Flanders is a prototype of a pillarized society in which ideological organisations were/are strongly tied to specific political parties, electoral success of political parties at the local level in particular may be an important factor for explaining sectoral prevalences. Ideologically, we could link the non-profit sector to the christian-democrat party (historically supporting private initiatives by religious congregations), the public sector can be linked to the socialist party (supporting public collectivistic service delivery), while the commercial sector is tied to the liberal party (supporting market solutions and private initiative for welfare service delivery). Hence, according to a social origins explanation, we may assume that the strength of a certain sector (public, nonprofit, commercial) in a municipality may depend on the dominant political ideology in that municipality. Moreover, and related to that, we can look at local governmental spending for social and welfare purposes. In the case where there is a lot of local governmental welfare funding, we might expect a larger public sector in providing welfare services, compared to the private sector. Hence, we can hypothesize that the prevalence of different sectors in welfare service delivery depends on the dominant political ideology in a municipality (*dominant ideology argument*). In municipalities in which the christian-democrat party has a relative large share of seats in the municipality council, the non-profit sector will be larger. In municipalities with a strong social-democrat party, the public sector will be dominant. In municipalities with a strong liberal party, the commercial sector will be stronger. *Secondly*, we can hypothesize that in municipalities with a lot of local governmental welfare and social spending, there will be a larger public sector in elderly and child care provision, compared to the private sector (*local governmental spending argument*).

## Method and measurement

For testing the hypotheses formulated above, we perform linear regression analysis. The relative number of places in residential elderly care and child care facilities per municipality are the dependent variables. This is the number of places in (a) public, (b) private nonprofit and (c) private commercial residential homes or child care initiatives, divided by the total number of places in residential homes or child care initiatives in the municipality. Each municipality thus receives scores for the relative prevalence of places in elderly and child care facilities for three sectors (public/nonprofit/commercial). This score ranges from 0 to 1, with intermediate positions. For example, a municipality receiving score '0,5' for commercial elderly care supply, means that half of the supply in elderly is delivered by private commercial organizations in that municipality. As to the independent variables, the *demand heterogeneity* is measured by looking at the span of income. This is a measure of income heterogeneity and represents the difference (in euros) between the third and the first quartile (interquartile difference). A large interquartile difference suggest a large span of income, hence large income heterogeneity. A second demand variable is the number of *distressed people*. This variable is operationalised differently in both policy areas. In elderly care, it can be measured by looking at the number of elderly people that receives the minimal guaranteed income<sup>6</sup> per 1000 people of 65+. In child care, it can be measured by looking at the number of births in underprivileged families<sup>7</sup> related to the total number of births. As to supply-side variables, we look at some measures that give an indication of the *potential entrepreneurship* in the municipality. First, the mean income that was declared to the fiscal authorities in a municipality. Second, the percentage of people in the age category of 40-59 years. Third, the number of low educated people that are unemployed (per 1.000 inhabitants). These measures are used, as previous research has shown that (social) entrepreneurship is more likely to be observed with middle-aged people that are relatively well-off (financially) or have had a higher education (e.g. Galper 1999). For measuring the social origins variables, we first use the *dominant political ideology* of a municipality as an independent variable. Therefore we use the electoral success of three political parties (christian-democrat CD&V, social-democrat SP.a, and liberal VLD) in the elections for the local council in 1976 and 2000. We have constructed an index that reflects the mean electoral score of these parties for both election-years. By using an index that covers electoral scores over 25 years, we hope to be able to capture some aspects of dominant and persistent political ideologies in municipalities, rather than election-results (that are no more than a snapshot at one moment in time). As a second social origins feature, we look at *local governmental spending* for social and welfare funding, by measuring the number of euros the local government spends per capita to the public centre of social welfare (the public local institution for welfare).

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6 This is the lowest income possible not to be officially in poverty.

7 This figure depends on subjective interpretations of family situations by nurses working for Kind en Gezin, the Flemish agency that regulates, subsidizes and controls the child care organisations. Every family is being judged on 6 criteria (income, educational level of parents, working situation, living conditions, health care and level of educational stimulation). When a family gets a negative score on three of these criteria, the child is being considered as underprivileged.

Table 3: Operationalisation and measurement of dependent and independent variables

	<b>Independent variables</b>	<b>N</b>	<b>Mean</b>	<b>Min</b>	<b>Max</b>	<b>Std. Dev.</b>
<b>DEMAND-MODEL</b>	Span of income (2004)	308	21.068	12.880	33.049	3436
	Distressed +65/total number of +65 (2006)	308	0,05	0,01	0,12	0,02
	N births in underprivileged families/total N births (2007)	308	0,06	0,00	0,21	0,03
<b>SUPPLY-MODEL</b>	Mean income (2003)	308	25.725	19.509	37.602	3.122
	Percent age 40-59 (2005)	308	28,80	23,68	38,37	1,67
	Low educated unemployed/1000 inh. (2006)	308	14,77	4,11	39,24	6,04
<b>SOCIAL ORIGINS</b>	SPa (social-democrat)	196	0,17	0,00	0,53	0,12
	CD&V (Christian-democrat)	236	0,45	0,18	0,85	0,13
	VLD (liberal)	119	0,22	0,02	0,62	0,11
	Local govt. welfare spending per 1 inh. (2005)	308	83,87	0,000	218,76	36,92
	<b>Dependent variables</b>					
	Places child care non-profit sector (relative)	290	0,34	0,00	1,00	0,36
	Places child care public sector (relative)	290	0,18	0,00	1,00	0,28
	Places child care commercial (relative)	290	0,48	0,00	1,00	0,36
	Places elderly care nonprofit (relative)	288	0,50	0,00	1,00	0,42
	Places elderly care public (relative)	288	0,36	0,00	1,00	0,39
	Places elderly care commercial (relative)	288	0,14	0,00	1,00	0,29

The data we rely on for measuring the dependent and independent variables are taken from various databases<sup>8</sup>. The descriptive statistics for these variables are outlined in table 3 above. For all analyses, cases (municipalities) in which elderly care residences or child care providers are absent, are omitted. These cases are omitted, because we want to test the relative prevalence of the three sectors in welfare service delivery, rather than the absolute prevalence. This results in an N of 288 municipalities (elderly care) and 290 municipalities (in child care).

## Empirical results

The correlation and regression analysis result in two interesting findings. The correlation-matrix (see annex) shows at first that there exists no significant correlation between child care shares and elderly care shares. This means for example that a municipality with a large relative nonprofit supply in elderly care, not necessarily also has a strong nonprofit supply in child care. This suggests that governance regimes in both elderly and child care are not necessarily the same in Flemish municipalities. The lack of correlations between sectoral prevalences in different policy areas thus questions the value of our theoretical hypotheses as we would expect that -for instance- the presence of potential entrepreneurs would lead to a larger share of the non-profit sector in both areas. However, the differences between both policy areas may also point at the importance of area and/or sector specific features. Secondly, we observe significant negative correlations between sectoral supply in elderly care and in child care. This means that within both policy

<sup>8</sup> We collected relevant data from several existing databases like (1) local statistics provided by the Research Department of the Flemish government (Studiedienst Vlaamse regering), (2) statistics provided by the Flemish Child Care Agency (Kind en Gezin), (3) statistics provided by the Department of Welfare of the Flemish government, and (4) the Agency for Internal Policy (Agentschap voor Binnenlands Bestuur). The data on local elections were received from colleagues of the Free University Brussels (VUB).



areas, there seems to be a kind of push aside effect between sectors. In other words, in municipalities where one sector is dominant, the other two sectors are less involved in the service delivery in that municipality.<sup>9</sup>

**Table 4: Summary of the linear regression analysis, standardized Beta-coefficients**  
(Sig.: \*\*\*.01/\*\*.05/\* .10)

Independents	Prediction <sup>7</sup>	Public Supply (relative)		Nonprofit supply (relative)		Commercial supply (relative)	
		Elderly care N=288	Child care N=290	Elderly care N=288	Child care N=290	Elderly care N=288	Child care N=290
<b>DEMAND</b>							
Span of income	- (public) + (private)	-0,12**	0,05	0,06	-0,01	0,08	-0,3
Distressed +65/1000 people of +65	+ (nonprofit) - (profit)	0,01		0,09		-0,14**	
Distressed children	+ (nonprofit) - (profit)		0,04		0,21***		-0,24***
Adjusted R <sup>2</sup>		0,01	0,00	0,00	0,04	0,03	0,05
F		2,28	0,35	1,17	6,92	4,72	8,19
Sig.		0,10	0,70	0,31	0,00	0,01	0,00
<b>SUPPLY</b>							
Mean income	+ (private)	0,09	0,13	-0,17**	0,00	0,12	-0,10
Percent age 40-59	+ (private)	-0,14**	0,08	0,06	0,07	0,10	-0,13**
Low educated unemployed/1000 inh.	- (private)	0,23***	0,16**	-0,23***	0,25***	0,03	-0,37***
Adjusted R <sup>2</sup>		0,04	0,02	0,02	0,05	0,02	0,10
F		5,44	2,60	3,3	6,02	3,02	11,64
Sig.		0,00	0,05	0,02	0,00	0,03	0,00
<b>SOCIAL ORIGINS</b>							
SP	+ (public)	0,14	-0,05	-0,0,9	0,09	-0,06	-0,06
CVP	+ (nonprofit)	0,14	-0,14	-0,09	0,11	-0,07	0,02
VLD	+ (commercial)	-0,05	-0,08	0,10	-0,21	-0,08	0,35***
Local govt. welfare spending/inh.	+ (public) - (private)	0,40***	0,14	-0,22**	-0,08	-0,22*	-0,05
Adjusted R <sup>2</sup>		0,15	0,00	0,04	0,03	0,00	0,10
F		4,8	0,85	1,79	1,66	1,01	3,22
Sig.		0,00	0,50	0,14	0,17	0,41	0,02

Three theoretical models for explaining the sectoral prevalence in elderly care and child care are tested. In table 3 the results of the linear regressions are presented. The **demand-side** model seems to be a weak explanation for the sectoral differences in supplying welfare services. For the dependent variables (supply in child and elderly care) the adjusted R<sup>2</sup> is low, ranging from 0,00 to 0,05. However, some variables do have some explanatory power. We found for example that the span of income in a municipality is negatively related to the public sector welfare service provision in elderly care. This is in line with our hypothesis that in municipalities with a homogeneous demand, the public service delivery will prevail over private sector service delivery. The level

<sup>9</sup> Predicted impact of variable on public, private nonprofit and/or private commercial supply. '+' is positive impact (variable positively related to supply), '-' is negative impact.

of social distress is also a strong explanatory variable. In line with our hypotheses, we found that commercial service delivery in elderly care and child care will be stronger in municipalities that are less distressed. This is an important observation of policy relevance. We could question, with caution, whether in a marketized welfare sector that is dominated by commercial for-profit suppliers, all demands – and especially the demands of distressed socio-economic groups in society – would be addressed sufficiently. In municipalities with a population that is relatively more distressed, nonprofit supply will prevail, as we observed for child care. A possible explanation for this observation is that the number of distressed children is one parameter for distributing central governmental subsidies in child care. It could thus be the case that nonprofit providers in municipalities with a lot of distressed children have better chances to receive governmental subsidies (and that explains their larger prevalence in those municipalities).

The **supply-side** model offers a slightly better, but still rather poor explanation for the sectoral differences in supplying welfare services. 10% of the variation in commercial child care supply can be explained by the supply-side variables. But for the other dependent variables, the adjusted  $R^2$  is rather low. The variables of *entrepreneurship* also yield some results however. The higher the average income in the municipality, the lower nonprofit elderly care supply. This finding is contrary to what we expected, this is a larger share of private initiatives because of favorable local conditions for (social or economical) entrepreneurship. We also observe that the higher the percentage of low educated unemployed people, the less private initiatives in child care (commercial) and elderly care (nonprofit), which is in line with our hypotheses. Thirdly, the higher the percentage of low educated unemployed people, the more public initiatives (in both elderly and child care). The latter observation can also be explained with the demand-side theoretical arguments, rather than with the supply-side theoretical arguments. A variable like the number of low educated unemployed people may tell us more about the demand for services, than about the supply of services. According to this line of reasoning, we could argue that public sector welfare provision is targeted at distressed people that are not sufficiently reached by private supply. This could also help to explain why we observed, fourthly, that nonprofit child care supply is stronger in municipalities with a lot of low educated unemployed people. In such municipalities, the demand for income-related child care (the amount of the fee for care depends on one's income) may be higher, hence the observed positive relationship between the level of unemployment and nonprofit child (and public) care supply.

Thirdly, in the '**social origins**' model, one important variable for explaining sectoral prevalence is the extent to which the local government spends for welfare service delivery. This variable is positively related to public supply, and negatively related to private supply, but only in elderly care. This may be one explanation for the already observed push aside effect. The more the local government spends for delivering public welfare services, the less room for other (private) initiatives to deliver services in that municipality, because a large part of the demand for welfare services is already addressed by the local government. This push aside effect may even be strengthened by central governmental policies. In elderly care for example, there exist programming-norms issued by central government. According to these norms, in a municipality only a certain number of places in residences are subsidised by the central government (1 place per 100 people between 60-74, 4 places per 100 people between 75-79, 12 places per 100 people 80-84, etc.). This policy results in a situation that only in those municipalities where current elderly care supply not meets the norm, there is still room for new initiatives. Potential (public or private) suppliers are thus dependent on the local situation for their chances to be able to invest in supplying services or not.<sup>10</sup> A second kind of policy is that central governmental issues very strict quality norms (care, kitchen, safety, ...). This means that the starting-up costs for new residences in elderly care (but

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10 In child care there does not exist a formal kind of programming norm, but the fact that scarce Flemish child care subsidies are allocated based on rankings of communities within every province, it is clear that communities beneath the ranking hardly make any chance to get subsidies.

also for child care initiatives) are very high because of necessary investments to meet these norms. To a certain extent, these policies by central government lead to a more or less stable public-private distribution: new initiatives are only possible in municipalities where the norm is not reached yet, and it is easier to adapt existing infrastructure to the (ever increasing) quality norms, than to invest in new and very expensive infrastructure.

## CONCLUSION

We observed large differences between municipalities in sectoral prevalences in both policy-areas. This suggests that there are many different governance regimes in delivering welfare services at the level of Flemish municipalities. In search for an explanation of these differences in sectoral prevalence, we developed hypotheses that are linked to three different theoretical models (demand, supply and municipality features). Statistical analysis shows that these models at best can only be partially supported. Still, some variables have some significant explanatory power. The findings, however, urge for a better contextualization of explanations. The explanatory value of the variables that turned out to be our strongest predictors - 'social distress', 'unemployment', and 'local government spending' – can only be fully understood when contextualizing them in the context of Flemish governmental policies in both policy areas of child care and elderly care. This is especially the case in countries like Flanders, that are characterized by a large private sector besides a large public sector, and where nonprofits are heavily subsidized and regulated by central (Flemish) government. In Flanders, both public sector and private sector serve the same target group with the same (governmental) means. This is a different situation compared to countries where the private (nonprofit) sector has less direct links with government, and is mainly funded by fees and donations (Anheier 2006).

As we observed no correlation between the sectoral prevalences in both policy areas, our analysis suggested that area specific features may determine to a large extent the relative prevalence of each sector. The fact that the size of child care organisations is often smaller, compared to the size of residential homes for elderly care, makes it more plausible that two or more sectors are present in child care in a given municipality. Also the use of explicit or implicit programming norms determines if a sector will be active in a municipality and to what extent. The existence of a governmental programming norm for residential homes leads for instance to a stronger<sup>11</sup> push aside effect in elderly care than in child care. The fact that the Flemish government uses the number of distressed children as one of its criteria to allocate scarce resources to public and/or non-profit organisations in municipalities explains the larger share of the non-profit sector in municipalities with a lot of distressed children.

From a policy point of view, this article also implies important issues for discussion and further research. We can conclude, in general terms, that local governments only have little room for manoeuvre in coordinating and steering local social policy. They are, however, expected to do so according to the Decree on Local Social Policy (2004). As our case studies of elderly care and child care shows, the prevalence of private suppliers (and hence the extent to which the service delivery governance regime is complex) is strongly determined by factors that are beyond the direct influence of local governments. Socio-economic factors like the level of distress in the municipality, or the number of low educated unemployed (in itself a measure of distress) seem to determine the extent to which private supply in elderly and child care is present at the local level. Moreover, the supply of child care and elderly care is also determined, directly or indirectly, by central governmental policy in the policy area concerned. This is important, as the steering authority of local governments towards private suppliers operating at its territory is

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11 Further analysis showed that in 162 of the 308 municipalities only one sector was delivering elderly care. Such a hegemonic situation was less frequent (only in 90 municipalities) in child care.

virtually inexistent, because private suppliers are regulated (subsidised, controlled, ...) by central government (Verschuere & De Rynck 2009). So the more private supply, the harder to direct the service delivery field, it seems. The only influence local government has at its disposal, is the possibility to organize elderly care or child care via own local governmental initiatives. We observe a push aside effect, in the sense that in local governments with a large own supply there is fewer private supply. In this scenario, directing the service delivery field seems easier, as local governments can hierarchically steer their own service supplying organizations. But, knowing that a lot of local governments in Flanders operate at a very small scale (57% of Flemish local governments have less than 15.000 inhabitants), it will depend on the (financial) capacities of local governments whether they can provide a lot of own service delivery.

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## Annex

Table 5: Correlation-analysis (Pearson) between the dependent variables (Sig: \*\* 0,01 level)

	Nonprofit supply child care (relative)	Public supply child care (relative)	For profit supply child care (relative)	Nonprofit supply elderly care (relative)	Public supply elderly care (relative)	For profit supply elderly care (relative)
Nonprofit supply child care (relative)	1	-0,333(**)	-0,592(**)	-0,028	0,091	-0,083
Public supply child care (relative)		1	-0,311(**)	-0,064	0,015	0,073
Commercial supply child care (relative)			1	0,087	-0,028	-0,089
Nonprofit supply elderly care (relative)				1	-0,753(**)	-0,436(**)
Public supply elderly care (relative)					1	-0,264(**)
For profit supply elderly care (relative)						1