Laboratoire REGARDS (EA 6292)
Université de Reims Champagne-Ardenne

Working paper n° 1-2016

Régulation Theory from a Meso-Level Perspective: Lessons from the Analysis of French Government Policies for Lifestyle and home care Services (LHCS)

Florence Gallois* & Martino Nieddu**

* Maitre de conférences en sciences économiques, REGARDS (Université de Reims Champagne-Ardenne)
** Professeur des Universités en sciences économiques, REGARDS (Université de Reims Champagne-Ardenne)

Abstract

This paper aims to discuss the real capacity of *régulation* of the institutional arrangement introduced by the French Plan Borloo, which aimed to create both a sector and a market. We construct a corpus in order to characterize the real *régulation* in lifestyle and home care services (especially the social relations engaged by services production and the firm behaviour face to these institutional arrangements). We show that the institutional arrangements of the Plan Borloo failed both to organize an autonomous and deterritorialized market, and to mark the border of a (dual) sector. Nevertheless, the institutional arrangement of the Plan are mobilised by the actors. Arrangements do system with extra-sectorial institutional arrangement in the core of the productive models of firms. De facto, the forms of the *régulation* that appears are territorialized and cannot be contained in the sectorial borders defined by the Plan Borloo.

Key words

Territorial and sector-based regulation, productive models, lifestyle and homecare services, healthcare system, political construction of market

Les working papers d'économie et gestion du laboratoire REGARDS sont édités après présentation en séminaire et validation par deux relecteurs internes, sous la responsabilité du conseil de laboratoire.

Laboratoire d'Economie et Gestion REGARDS (EA 6292)
Université de Reims Champagne-Ardenne
UFR de sciences économiques, sociales et de gestion
57B Rue Pierre Taittinger
51096 Reims

Directeur : **Martino Nieddu**

Responsable de l'édition des *working papers* **: Cyril Hedoin**

Régulation Theory from a Meso-Level Perspective: Lessons from the Analysis of French Government Policies for Lifestyle and home care Services (LHCS)[1]

Florence GALLOIS[2] & Martino NIEDDU[3]

Introduction

This article discusses in what capacity government policy can generate a market-oriented mode of *régulation* at the sector level[4][5]. We shall be developing an analysis on several levels.

The 2005 French Plan Borloo for lifestyle and home care service development promised to create 500,000 jobs over the next three years by organizing a market (Ministère du Travail de l'Emploi et de la Cohésion sociale, 2005). The idea, based on techno-scientific promises, drew heavily on OECD employment strategy (1994), which encourages a flexible job market and free competition to accelerate growth in a sector, with a view to contestable markets. It was also based on the hypothesis that to grow, services need to be industrialised.

The plan was an attempt at putting this theory into practice. First, it organised a drop in the price paid by the end user, through tax cuts, fewer barriers to entry and encouraging competition. Second, the plan introduced a new category of stakeholder to the market: nationwide mediators.[6] The idea was that they would industrialise lifestyle and home care services (LHCS) and organise the market by serving as middlemen between service providers and consumers. *Régulation* of the business sector took the shape of a market organised at national level.

However, the plan failed to achieve the expected results: the 500,000 jobs that were announced were not created, the mediators gradually disappeared and long-established associations had to deal with a major financial crisis that began in 2009. These setbacks could be seen as stylized facts, but they also warrant explanation.

With this in mind, we analysed the meso-level *régulation* approach. One of the first contributions to this approach shows that institutional systems do not necessarily bring about the *régulation* they were intended to (Bartoli & Boulet, 1990, du Tertre, 2002b). This raises three questions: What is regulated? How is it regulated? In what area?

[1] This work has benefited from the financial support of the regional council of Champagne-Ardenne, France. The authors are solely responsible for the paper's content.

[2] Associate professor, University of Reims Champagne-Ardenne, France, florence.gallois@gmail.com

[3] Full professor, University of Reims Champagne-Ardenne, France, martino.nieddu@univ-reims.fr

[4] At the macroeconomic level, a mode of *régulation* is a "set of procedures and of individual and collectives behaviours that serve to: 1) reproduce fundamental social relations […] 2) support and 'steer' the prevailing regime of accumulations [and] 3) ensure the compatibility over time of a set of decentralized decisions, without the actors themselves having ton internalise the adjustments principles governing the overall system" (Frinault, 2005, p. 607). A mode of *régulation* at the sector level "is the combination of economic regimes of operation and institutional arrangements" (Boyer & Saillard, 2002, p. 341).

[5] In this document, régulation refers to the *Régulation theory*, to the way in which social relations transform economic and non-economic concerns. It does not refer to a legal or administrative framework.

[6] The Boorlo plan established nationwide mediators (there were no such stakeholders on the market, or in any other business sector). They were to act as middlemen between service providers and consumers, and were expected to become well-known national brands. These mediators should not be confused with nationwide companies or franchisers, which do not operate in a sub-contracting system.

To answer them, we applied abductive reasoning, explaining the aforementioned stylized facts using a purpose-built corpus. To account for this area's specificities, especially where LHCS are concerned, we strengthened the seminal framework of meso-economic approaches to *régulation*. Also, since sector-based *régulation* is at least partly the product of endogenous action on the part of its stakeholders (Boyer, 1990), we accounted for the micro level to describe the way in which service producers use institutional sector-based arrangements, and their role in sector-based *régulation*. This empirical analysis is based on 20 monographies of home care organizations conducted during our thesis (Gallois, 2012).

The article is organised as follows: part one is a review of meso-level *régulation* approaches; part two describes the Borloo Plan and its intentions; part three examines an analytical corpus demonstrating *régulation* by taking into account the behaviour of those affected by the plan; part four analyses the plan's failure to meet its expectations; part five shows that the structure of the sector pointed to that failure; part six discusses two government policies on personal care services–a national one (the silver economy) and a local one.

1. The meso-level *régulation* framework

The *régulation* approach often involves an analysis of the influence of government policy on the social construction of markets (Coriat & Weinstein, 2005). It has also clearly shown that alternative configurations and dynamic can emerge when faced with a self-fulfilling market prophecy (Amable, 2000, Michel & Vallade, 2007).

Moreover, the *régulation* approach aims to analyse tensions generated by socio-economic dynamics. The *régulation* research programme originates in the analysis of the management of these tensions through intermediation measures (such as the institutional forms). Looking at meso-level approaches, a major result is that, in some sectors, institutional arrangements generate a sectoralization of the macroeconomic area into sub-spaces that have incomplete or partly autonomous forms of *régulation*.

These intermediations are located in areas and levels that cannot be foreseen or deduced from the theory, as they have built up over time in specific systems. By studying the elementary structures of national social protection systems, Théret (1997, 2000) identifies invariants and regularities, and splits the macro-system into three orders: domestic, economic, and political. Institutional measures articulate ways to manage services and the system forms a whole. As a consequence, if the political or economic order fails, a form of *régulation* in that care will automatically be undertaken by the domestic order.

Considering that Fordist industrialisation does not apply in the same way to each sector, intermediate-level research has consisted primarily of a sector-by-sector analysis. Thanks to Bartoli & Boulet (1990), as well as du Tertre (2002b), we have plenty of information on the specificities of each sector and the corresponding assessments (see Lamarche, Nieddu *& al.*, 2015). Gadrey (2000, 2001) draws two major conclusions. First, the industrialisation process cannot be applied to all sectors. The service sector must be seen as an economy that demands specific social relations. Second, the assessment of service provision cannot be expressed purely in terms of productivity gains (Gadrey, 2001).

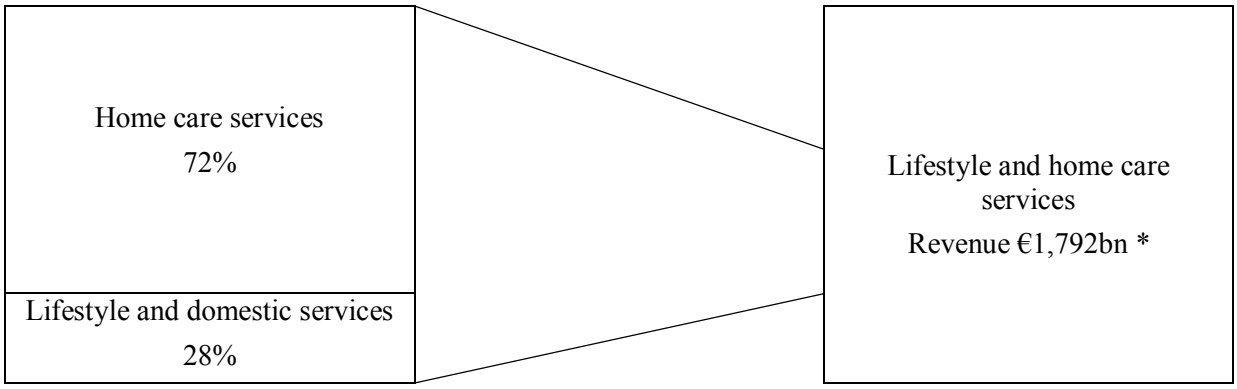
Let us examine the claim that the French government plan for lifestyle and home care services (LHCS) would generate a unified sector, drawing on what we learned from the meso-level *régulation* approach.

2. The French government plan for lifestyle and home care services development: institutional arrangements and intended operating economic regime

In the light of Devetter, Jany-Catrice and Ribault's work (2008), the Borloo plan for lifestyle and home care services development can be interpreted as a political attempt to build a new sector. This area was defined in terms of job creation rather than in terms of the coherence of the services provided. As a consequence, the very diverse activities that make up lifestyle and home care services can be divided into two groups (Bailly, Devetter *& al.*, 2013). The majority (around 70%) comprises care activities, frequently provided for dependent individuals, and hitherto run by associations. The other part concerns 'lifestyle and domestic services' such as housework and cleaning services.

These activities can be carried out in three different ways: by service businesses, placement services and through direct employment. With service businesses, the organisation supplying the domestic service is, legally, the worker's employer. With placement services, the company provides the customer with a worker, whom the customer pays directly. In this case, the customer is the legal employer. Direct employment requires no middleman between the customer and the worker.

Figure 1. A new sector-based reality



Source: based on Devetter, Jany-Catrice & Ribault (2008), p. 17.

The plan included the creation of a national agency for lifestyle and home care services (ANSP in French) whose role was to promote those services and actively support nationwide mediators. The latter were expected to industrialise the sector with their national brands. Each company implemented its own procedures to deliver consistent quality throughout the country via a network of subcontractors. Of course, a prerequisite to industrialisation is the emergence of mass consumption. Substantial productivity gains were expected thanks to the economies of scale made by providing a large array of services. As a consequence, in the plan, the LHCS sector comprised 21 extremely varied activities, ranging from home care services for disabled persons to sports coaching (Art. D-7231-1 of the French Labour Code). Consumers of all these services were liable for tax and social contribution breaks (50% income tax cut rebate on the expenses incurred; lower VAT and social contribution exemptions) designed to lower the opportunity cost and boost consumption. Costs were also lowered through the reduction of

barriers to entry, which is, in theory, a condition that must be fulfilled to render a market contestable, as described by Baumol, Panzar *& al.* (1982). The accreditation process was simplified to help new stakeholders and new businesses enter the market and render it competitive.

By paving the way for industrialisation, lowering opportunity costs and creating a contestable market, the Borloo plan was to create a new operating economic regime.

Figure 2. Sector-based *régulation* through the Borloo plan

Institutional arrangements → → → → → → →	Operating economic regime
Subsidised market	Consumption rationale: - Mass consumption of a standardised product - Distant, weak consumer involvement
Major national mediators	Production rationale: Subcontractors to nationwide mediators
Quality stemming from the reputation and credibility of the nationwide mediators	Exchange rationale: exchange with the nationwide mediators acting as middlemen
Unsaid: Flexible, unequipped employement relationship	

Paradoxically, in this intended operating economic regime, associations only had a secondary role, although they held a quasi-monopoly before the plan. In order to produce fair, unbiased competition, the preparatory work for the plan focused on restraining the role that associations could play within the marketplace[7]. That was not its only paradox. From a theoretical point of view, an industrialised service can be seen as illogical. Indeed, service provision implies a specific social service relationship between providers and recipients (Gadrey, 2000), that separates services from industry in terms of work procedures. Furthermore, industrialising LHCS equates to standardising the service and procedures of all 21 activities covered by the sector.

3. Analytical framework

However, Bartoli & Boulet (1990) have shown that, for historical reasons, two configurations of an operating economic regime can coexist within one institutionally defined sector. These configurations reflect different ways to mobilise institutional arrangements, as well as a sector-based duality in terms of *régulation*. Turning LHCS into a sector requires close examination of production, exchange and consumption rationales in order to describe the uniformity or heterogeneity of the operating economic regime.

[7] "*Competition with associations should be limited. Indeed some of them, instead of focusing on the heart of skills, which justifies the financial benefits given to them, go to services having all the characteristics of private services*" (Boyer & Saillard, 2002, p. 341).

A/ Service relationship vs industrialisation by nationwide mediators

Strictly speaking, industrialisation means capital-labour substitution, which is not consistent with LHCS. Similarly, it is difficult to see how the labour relationship can be structured by statistical methods designed to improve productivity. The service relationship entails another agreement (Gadrey, 2002) that questions nationwide mediators' quest for industrialisation.

The service relationship is antagonistic with the logic of industrial productivity. Furthermore, it necessarily implies the consumer's involvement in the work itself. This relationship therefore has an impact on the service itself, on the means employed, the results achieved and the efficiency of procedures (du Tertre, 2002a). As a result, when dealing with a dependent person, an employee is committed to performing the requested service even if it entails job insecurity, a structural characteristic of LHCS (Bailly, Devetter & Horn, 2013).

The Borloo plan intended to develop services that have tangible elements, e.g. cleaning and ironing. However, services that involve caring for dependent people form the majority of lifestyle and home care services. Cleaning, ironing and gardening account for just over 33% of business volume for LHCS companies (Thiérus, 2015). Therefore, in most situations, the activity is based on intangible elements. The receiver of the service informs the service itself: help with daily living activities such as bathing and toilet hygiene, meals, tidying the home etc. Also, the service may or may not have an immediate effect on the person's ability to remain autonomous, etc.

Distinction Between Immediate and Mediate Effect: The Issue of Meals

A comparable immediate effect can be obtained through services that have opposite mediate effects. The issue of meals for dependent persons is an example of this problem. In terms of mediate effect, an ideal service for help with meals would involve accompanying the person to the shops, help in preparing meals, checking they are taken, and even chatting while the person eats. This sort of service generates a mediate effect in terms of prevention of dependency by maintaining physical activities and social ties, monitoring nutrition and intellectual stimulation. On the other hand, a simple meal delivery service (without checking that the meal is eaten) increases the risk of loss of autonomy (due to lower physical activity, or even undernutrition). From our, admittedly biased point of view, the 'ideal service' would explicitly seek to produce the mediate effect, i.e. to maintain the autonomy of the person. But industrial productivity standards cannot measure this mediate effect, especially as, in the example given, the autonomy of dependent seniors rarely improves.

LHCS have to be considered differently to other activities, especially as their mediate effects cannot be quantified. However, the plan said very little about service relationship and their assessment. To standardise quality levels, it introduced a coordinated solution: nationwide mediators. By using these mediators, relatives could expect a certain service level for their dependent. With their size and set-up, these businesses were expected to implement convincing check-up methods. This raises the question of the judgement device retained by those considered as consumers under the plan. The idea of a unified network of nationwide mediators corresponds to a situation that a sociologist would view as a deliberate distancing of the consumer and the producer of the service to encourage anonymity and introduce the notion of marketisation (Chantelat, 2002). Yet the economics of singularities (Karpik, 2010) suggests that several judgement devices can coexist and compete.

In LHCS, we observed the coexistence of three main judgment devices, each corresponding to an economic coordination regime identified by Karpik: 1) beliefs, where judgement is based on the personal network (representative of direct employment); 2) professions, where judgement is based on recommendation of a service provider by a professional within a medical and socio-medical network; and 3) a mega regime where the reputation is built via branding. Such an identification of several coordination regimes (and of competing judgment

devices) is problematic in terms of an industry in which sector-wide unity requires a unified economic regime. The question is whether these businesses could succeed in becoming the dominant regime.

B/ Provider's strategies based on differentiated productive models

The productive models' framework (Boyer & Freyssenet, 2002) reveals that there is no one best way for a producer: within the same institutional framework and in the same mode of development, several productive models can coexist. Conversely, a productive model can be viable (or not) in various modes of development.

Yet the French government plan, via the nationwide mediators, sought to dictate industrial-style ideal type production based on a controlling entity and local subcontractors using the same operating methods across the board. This system was designed to bring about economies of scale. However, the system largely failed.

Associations have a quite different view of home care services and a different ideal type of productive model. The service offer is therefore a compromise between associations and the local authorities that govern them. These entities provide a public service and are therefore not-for-profit organisations. The associations cover a given area with no overlap so there is no competition on any one territory and economies of scale are therefore possible.

The commercial system corresponds to an ideal type of business productive models operating in a competitive area of lifestyle and domestic services, whereas the ideal type of associations (ideally) eliminates competition in the home care services sector.

The advantage of the productive model is that we can examine typical ideal strategies. Behaviour is not mechanically determined by sector-based arrangements but resides in the way that stakeholders use them, through what Boyer & Freyssenet call the 'enterprise governance compromise'. These arrangements may or may not turn out as intended (see infra).[8]

Literature on sector-based *régulation* suggests that it is possible for two systems to co-exist in a given institutional sector: a Borloo plan-style sub-sector and a home social care sub-sector. Bartoli & Boulet (1990) and Nieddu (1998) showed that despite the strong domination of the development of a model of industrial agriculture, other institutional forms have not disappeared and that several operating economic regimes can coexist within a given industry. This leads us to discuss the assumption of a dual pattern (Figure 3).

Figure 3. Diagram of dual representation

Sector analysed	
Borloo plan-style sub-sector	***Home social care sub-sector***
Commercial institutional systems State-directed market dynamics Businesses	Institutional systems that come in to play when a person is considered vulnerable Associations

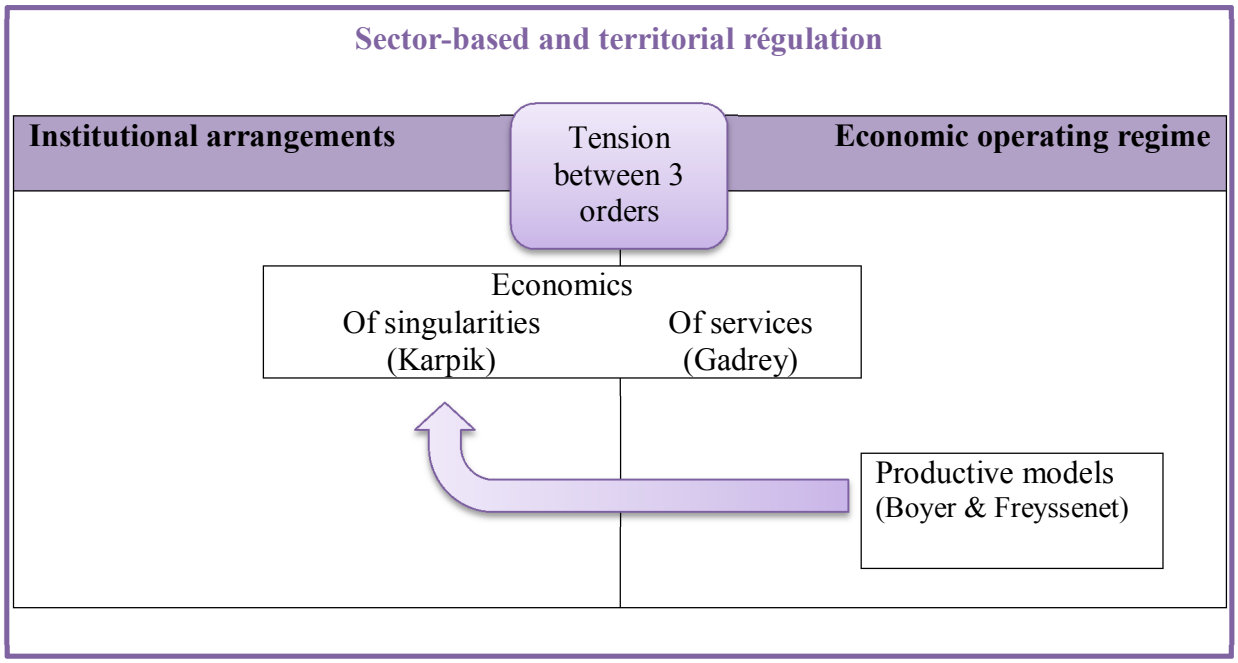
[8] Introducing productive models to our corpus is a way of comparing and contrasting a fundamental element in the approaches in terms of sector-based and local regulation, i.e. the fact that the regulation of a sector is (at least in part) the result of an endogenous action on the part of the sector's stakeholders (Debonneuil, 2004, p. 43).

The Borloo plan could be said to incorporate such duality. It aimed to confine associations to just one segment of the market, the most dependent or poorest consumers. This separation was coherent with the overall commercial approach that separates customer segments into profitable business units. Yet the associations fell for the myth or nationwide mediators. They began to position themselves as mediators, but continued to be part of another judgement device, that of the healthcare network to which they belonged. This observation suggests that a mixed system generates diverse behaviour on the part of stakeholders.

C/ From corpus to interpretative hypothesis

The combination of an economics of services, an economics of singularities, and productive models with meso-level *régulation* approaches creates a multi-level analytical corpus that reveals the existence of diverse forms of intermediation, contrary to what the Borloo plan envisioned.

Figure 4. Analytical corpus



The economics of singularities shows that the coordination of actors required to produce a service is not only the work of an economically disembedded scheme, but may be based on personal or professional judgements located at end-user level. The service economics characterises the social relationship that engage the process of coproduction. When the same service is produced, customer relationship may be weak (description of needs and receipt of delivery) or unusually strong, especially in the case where the person is physically involved. This distinction between at least two production rationales means that LHCS can never be homogenous and that the various segments only form a unified sector in a political sense. However, it does support the hypothesis of a watertight sector-based duality in the LHCS arena.

Pinpointing the issues, productive models suggest we examine this watertight duality: 1) how to represent the manner in which producers implement their competitive strategy according to how they represent their role in the sector; 2) how to describe the variety of company

governance compromises. The sector may not be as the government intended and this watertight duality seems irrelevant with regard to the behaviour of stakeholders.

Applying abductive reasoning, we therefore put forward the following interpretative hypothesis:

> *The Borloo plan could not give rise to a unified sector. However, the institutional arrangements it introduced in order to set up a market for lifestyle services have been taken up by the sector's actors, both old and new, and the dynamic: 1) is now based on mixed, heterogeneous resources; 2) is now unexpected because they result from the mobilisation of institutional arrangements inside and outside of the sector (as defined by the Borloo plan); 3) should be seen in the long term and in the context of a recurring crisis in home services; and 4) makes the crisis worse without boosting the 'Borloo sector', meaning both nationwide mediators and associations suffer.*

This interpretative hypothesis will be discussed in the rest of this article.

4. A failure in the short term

This part aims to explain the plan's two major failures: the failure of the nationwide mediators to industrialise the sector and the failure to sectorize the LHCS market, even by dividing it into two sub-sectors.

A/ The (necessarily) rapid disappearance of nationwide mediators

Boosted by public subsidies, twenty nationwide mediators were created between 2006 and 2007 (CERC, 2008). Many home care service associations also set up nationwide operations even though the Borloo plan stipulated that 'competition among associations should be restricted' (Debonneuil, 2004). Thus, they found themselves competing with banks, insurance companies and the post office, all completely new to the business but already well-known to the general public. In 2012, only six or seven nationwide mediators remained active in the sector. Today (in 2015), none is customer-oriented, although that was the role attributed to them by the Borloo plan.

According to the plan, nationwide mediators should have structured operations in terms of production and exchange. They should have served as an interface between buyers and producers, and undertaken the *régulation* of service quality (ministry of employment and social cohesion, 2005). Implicitly, the plan accepted that a competitive market would not be sufficient to create a market-based sector.

Nationwide mediators were supposed to reduce informational asymmetries, that is, to manage the agency relationship between the principal (the customer) and the agent of said principal (the service provider). The intention was that they would bring about a regime of economic coordination such as the 'mega regime' highlighted by Karpik (2010). As an interface between consumer and provider, it was thought that nationwide mediators would generate business. They failed at that, too. The annual UNA activity report states that:

> *'Selling lifestyle and home care services by phone is a costly model for a poorly positioned service. In terms of customer service, the added value of the information provided is not clear compared to other channels (neighbourhood or online networks), the processing cost of a call and the time required to properly qualify the demand unbalances the economic model'. (UNA, 2008, p. 96)*

Neither relatives of the person in need of the service, nor professionals such as GPs and social workers acknowledged the hallmark of quality that nationwide mediators were projecting. The 'mega regime' did not come into being, and the traditional regime of network coordination remained the dominant one.

All the same, the nationwide mediator model could have been successful, on one condition. It should have included new social rights with businesses distributing LHCS vouchers to their employees. The aim of the scheme was to enable dual-income households to cut back on domestic work. It concerned the most qualified and the most productive workers who, it was supposed, would be even more productive at work if they had fewer chores to do at home. With the voucher system, they could have transferred some responsibility for taking care of their home (domestic services) and their dependents (care services for their children and parents) to a service provider. In this light, it is clear that the commercial interface of the nationwide mediators and the LHCS market could not exist independently of a welfare system.

As nationwide mediators were structurally unable to play their business development role, new private businesses went after the biggest segment in the LHCS market: home care services. These activities rely on public management and public subsidies. The private sector therefore created a separate market for comfort services with direct access to dependence funds, which meant 'open competition' within the segment. We shall therefore look at the two sub-sectors tentatively suggested by the plan.

B/ The lack of 'pure sector' productive models

The Borloo plan aimed to introduce a market-based productive model and to separate the industry into two sub-sectors: lifestyle services provided by private businesses, and home care services provided by associations. However, associations clearly co-opted some of the suggestions in the plan (although it sought to exclude them). At the same time, businesses looked to capture the welfare resources managed by the government. The stakeholders therefore used all the systems offered by the plan, but not as the government intended.

So, how exactly did service providers use both the institutional measures intended to create a market and industrialise LHCS, and the arrangements that rely on neighbourhoods and on the welfare state?

The combination of measures reinforced the care element. Associations balanced the cost of caring for vulnerable persons and offering difficult or costly services by diversifying the product policy and developing lifestyle services that were easier and cheaper to produce (Gallois, 2012).

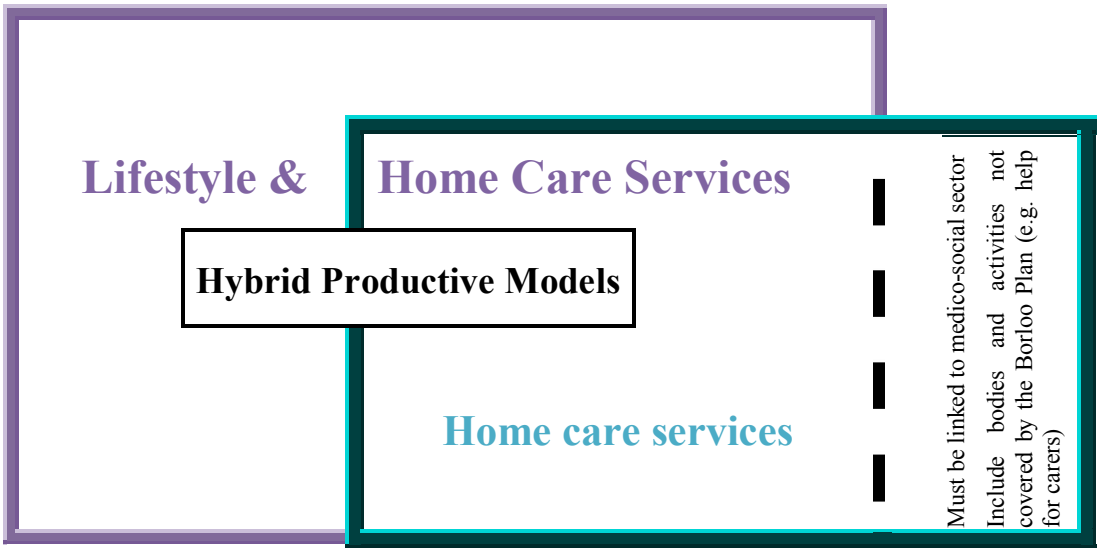
However, newcomers to the market aimed to cover the whole range of LHCS activities, from lifestyle services to home care services, by copying the way associations work. They were also looking to strengthen ties with social workers (the main prescribers of home care) and healthcare networks. The manager of one of the SMEs we studied founded the national union of home care service businesses with other SME owners. The aim was to 'gather together home care services businesses to be like the UNA'[9] (semi-directed interview, April 2011). They were trying to imitate associations to share costs and improve their standing with local authorities in charge of cash-for-care.

The productive models of associations and businesses are even closer if we consider that they all use government job creation incentives to minimise their production costs.

[9] The national union of home help, care and services is one of two major federations in the sector.

In short, all LHCS providers have different systems, approaches and objectives (market creation, public welfare, job creation, etc.) Measures within and outside the sector as defined by the plan are all part of the same supplier-level system. We therefore obtain the following *régulation* system (figure 5). It is neither a sector-based *régulation* system, nor the result of two opposing *régulation* systems, but a total lack of sector-based *régulation*.

Figure 5. *Régulation* areas in LHCS: the case of home social care services



5. Structural origins

It is tempting to interpret these hybrid configurations as an effect of the plan. That would be one explanation, but it seems insufficient on its own, for two reasons:

First, for a long time, job creation in LHSC was largely confined to care services for the elderly (Gallois, 2009). LHCS activity increased more with the *Allocation pour l'autonomie*, a social benefit for frail elderly people introduced in 2002 (it grew at an average of 4.5% annually between 2001 and 2005), than it did when the plan was being introduced (average annual growth of 3.9% from 2005 to 2008).[10] Home care services thus began to overlap with LHCS, a phenomenon that needs addressing

Second, the emergence of market rationale in home care services predates the plan. The most surprising thing is that this market-driven mentality was introduced by associations and not by businesses.

[10] Our calculations based on data from DARES (research agency of the French Labour ministry). Later data is available but we have purposely limited our assessment period to exclude the financial crisis and LHCS crisis.

A/ Health system and hospital discharge: redesigning dependence *régulation*

Home-care providers are often called up when dependent persons are discharged from hospital. The hospital is a sort of gateway to home care as the discharge from hospital generates a need. We shall therefore analyse the dynamics of the system, with the hospital as the starting point.

Since the 1950s, hospitals, which started out as places of charity and shelters for the poor (especially the elderly), have progressively come to play a major part in the French healthcare system. [11] This expansion went hand in hand with the development of the welfare state and universal health care. Nevertheless, since the 1980s, medical progress and the market rationales that stem from government policies to minimise public healthcare spending have led hospitals to focus on acute care (Domin, 2013), which has led to a large reduction in the average length of stay. For short-stay hospital activities (medicine, surgery and obstetrics), it dropped from 12 days in 1974 to 5.2 in 2009.

Yet shorter hospital stays are as much due to medical progress as they are to cost constraints. As a consequence, patient care needs external healthcare providers (Newhouse, 2003), at home or in special establishments, especially nursing homes for seniors.

For the political order, taking care of patients in their homes, through externalised nursing, is a credible and acceptable solution. This scheme allows the public health insurance to save money (on meals, laundry and the number of occupied beds) compared to full-time hospitalisation, while maintaining the same healthcare quality (Afrite, Com-Ruelle *& al.*, 2007). Like hospitals, the quality of external healthcare providers is regulated through a complex authorization procedure and a quota system.

The supply of home nursing services is bound to increase, while the number of hospital beds decreases (Gallois, 2012). But the creation of these services does not offset the closing of beds in hospital. Home nursing agencies often have to manage patients whose health actually requires these services, which are also underdeveloped relative to needs. The consequence of this shortage is patient waiting lists (Jeandet-Mengual & de Reboul, 2008). Patients therefore resort to home care services, which are not submitted to a quota system, yet are not supposed to include nursing or paramedical care.

As for care within establishments other than hospitals, the places are so few and the waiting lists so long that dependent seniors also turn to home care services.

Transferring hospital patients to social home care services is a way of improving efficiency within hospitals and throughout the medical care system. From that point of view, it can only be a good thing. However, it introduces a change in the payment system. Hospital care is covered by the generous public medical-health insurance while other services come under a different, far less generous welfare system. A complex network of communicating vessels renders the lack of government funding or the health assurance system somewhat more acceptable.

The boundaries of *régulation* become visible. From a production point of view, it is clear that older people should be taken care of by the health system. But the French health system is split into two distinct bodies: medical care, which comes under the relatively generous

[11] The French health system is often described as hospital-focused. Hospital care represents 46% of the French health care consumption expenditure [an indicator that also include ambulatory medicine, medical transport, drugs and other medical goods]. With this proportion, France allocate more resources to hospitals than the major part of the OECD countries (OECD, 2012).

compulsory medical health insurance,[12] and another, newer system of care for dependent people which lacks public funds, requires more input from those in need, and does not provide universal coverage (Le Bihan & Martin, 2010). To sum up, home care services help regulate both hospital performance and economic output.

B/ A mixed system is the most consistent form of *régulation*

The French institutional area for long-term care is unstable. The development of a policy regarding the dependent elderly began in the 1970s and has been a very long and complex process. Describing it, Frinault sees:

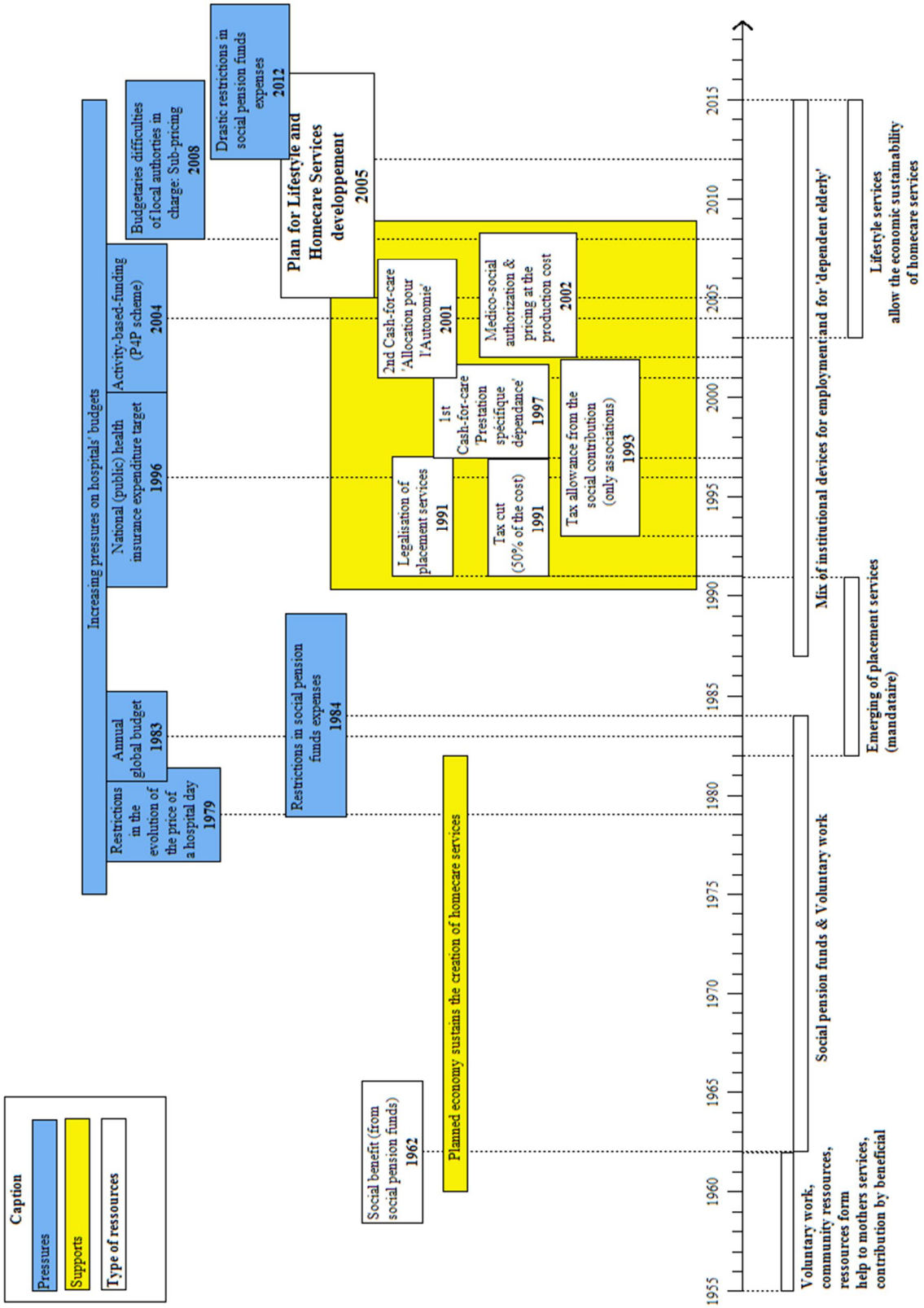
> '*A 'slow, bumpy, shaky' process of reform as evidenced by the following successive stages: non-decision process (1979-1994), experimental pilot scheme (1994-1996), explicitly temporary law for Prestation spécifique dépendance (first system of cash-for-care; 1997-2001), law for the Allocation personalisée d'autonomie (second system of cash for care) that includes a review clause (2002), legislative and regulatory additions (2003-2004)*' (Frinault, 2005, p. 607). Little by little, local government has taken over responsibility from the health care system. At the time of writing, the list is even longer. Since the presidential elections of 2007, reforms are continuously supposed to be implemented (2008; 2011), but a draft bill wasn't submitted until 2014, and it carefully eludes the real questions.

As a political scientist, Frinault qualifies this long process as 'institutional bricolage'. But it happens too often to be pure coincidence. We shall examine this 'bricolage' to see what it conceals.

Indeed, as noted by Laville & Nyssens (2000), faced with a failure of the market and of the state, associations have an intrinsic characteristic: they hybridize funding from several sources. They also put pressure on public authorities and the government by using their power as representatives of the general public to highlight welfare needs and therefore help produce more arrangements to address them, while governments seek to restrain such arrangements (Priou, 2007).

[12] Compulsory health insurance expenditure represents 76% of the consumption of medical care. Private insurance covers 13.8%, households 8.8% and others account for 1.4%.

Fig. 6: History of combined resources for home care service providers



The history of home care service associations has its origin in family help associations, which have extended their role from helping mothers of large families to home care that enables the elderly to stay in their homes longer. In practice, their resources have always been mixed: contribution from the family and the elderly, family coverage from the French social security system, volunteer work, communitarian fund-raising operations, subsidies. When the state began examining the issue of its ageing population in the 1960s (with the Laroque[13] report), it was decided that economic planning would fund the creation of home care service providers. The development of funding from retirement funds would be used to supplement resources, which were already mixed.

Although home care service associations received funds in the 1970s, since the 1980s they have had to face budgetary restrictions and deal with pressure to shorten hospital stays. They have therefore sought to reduce tensions on a local level, by using employer tax breaks for instance, in order to organise long-term care services. This strategy bordered on illegality for nearly ten years, but was tolerated by public authorities. Placement services emerged in the 1980s. Associations produced a placement service using the system intended to reduce the cost of employment. However, in so doing, they encouraged individual employment and market growth. By combining individual employment (which can be exempt from social contributions) and organising the service, they found a way of reducing the cost of home care services. However, users had to pay the whole cost of the service, while the costs of the service provider were partially covered by welfare benefits. This created a paradox: the solutions found encouraged market growth, but for home care, which should actually be covered by the healthcare system.

In the early 1990s, several tax breaks and welfare benefits were introduced to encourage employment in lifestyle services. This gave home care associations new resources. In the second half of the decade, new funding arrangements, explicitly intended to care for the dependent elderly, were introduced (in 1997 and 2001). Both were cash-for-care schemes for customers (according to level of dependence and means) who used the services of hybrid home care service organisations.

To balance their books and cover territory, associations sought to build ‘a logic of horizontal solidarity’. Their enterprise governance comprise reflected this. By tailoring their product policy to include both lifestyle services and home care, they were able to cover the higher costs of caring for the most vulnerable elderly. This had a positive effect on employment relationship. The diversification of activities effected a change in productive organisation. Tasks could now be spread throughout the day and employees were required for longer periods than before. Associations made good use of government employment arrangements to keep employment costs to a minimum in order to stabilize production costs.

Overall, the more arrangements were introduced, the more service providers integrated them into their productive models. The numerous institutional arrangements created varied resources for service providers and this ‘makeshift’ approach was therefore part of the sector’s structure rather than a consequence of market conditions. Combined resources seem to be the main form of *régulation* of home care services, as they help sustain the pressure of the operating economic regime.

[13] Pierre Laroque is a great architect of the French social protection system. Post-World War II, he has created the French social security. Today, the Laroque report is still the basis of elderly policies.

6. A discussion of emerging public policies: market-based sectors and mixed resources on a local level.

The plan for lifestyle and home care service development intended to strengthen the role of the economic order in the sector by introducing nationwide mediators. By managing marketisation, sectoralization, industrialisation and de-territorialization, these mediators were expected to be the main business development lever. Having examined the sector's *régulation*, we can see that their failure to fulfil their role is due to structural issues rather than to an unfavourable economic climate (a structural crisis rather than a cyclical one). Indeed, even though LHCS operators used systems based on sectoralization, the combination with other institutional measures made such division impossible. Furthermore, the compromises of *régulation* take place on a local rather than a national level. The explanation here is also structural: both associations and local authorities have to manage the inconsistencies of the healthcare system's sectoralization, and to maintain population levels by providing local services.

In a way, closing the national agency for LHCS in 2014 was the state's way of acknowledging it had failed to sectoralize it. Nevertheless, new public policies that focus on LHCS activities are emerging. In this section, we shall discuss these policies, which provide a way to determine the boundaries at the meso-level, in light of our analysis of sectoralization and local territorialisation. Two heuristic public policies result from this. The first deals with a new market-based sectoralization, named the silver economy, organised at the national (and European) level. The second focuses on the organization of cooperation in 'neighbourhood services' as a way to boost business and employment, in order to maintain population in an experimental, very rural area with an ageing population.

A/ Is silver economy sectoralization coherent?

Like LHCS, the silver economy seems to rely on the economics of technical-scientific promises linked to an ageing population. The European commission expresses its expectations as follows:

'The "silver economy" can be defined as the economic opportunities arising from the public and consumer expenditure related to population ageing and the specifics needs of the population over 50.' (European Commission, 2015, p. 4).

The definition is based strictly on techno-scientific promises. French studies on the value chain of the silver economy have attempted to specify it further:

'It concerns goods and services that deal with medical healthcare, social care, housing, leisure…' ((Anonymous, 2013, p.3)2013, p. 3) Specifically, the silver economy includes all the industries and economic activities that target this ageing population.

In both European and French studies, the silver economy is explicitly linked to the healthcare system, notably long-term care. By considering the overall needs of the elderly, the silver economy addresses the issue globally. This kind of sectoralization seems relevant considering the *régulation* area that we previously described.

However, the sustainability of the healthcare system relies on promises arising from gerontechnology (such as eHealth, remote care, etc.). One of the assumptions concerning the silver economy is the existence of a solvent demand from many seniors. According to French studies, this solvent demand should be steered towards consumption of ICT solutions that are expected to minimise hospital stays and increase the capacity of the elderly to live

independently. On this condition, public health insurance could maintain its expenditure while the elderly would pay for their independent living themselves (or through private complementary health insurance).

That is certainly why the French studies on silver economy development are essentially led by ICT businesses (like Orange Healthcare), industrial businesses (e.g. Legrand, the world leader in products and systems for electrical installations and information networks, which is currently developing products dedicated to assisted living and to healthcare) and health insurances companies. The working group does not include traditional care providers[14].

This is reminiscent of the sub-sectors hypothesis we made for LHCS. And that is not the only similarity: something else in the propositions for a 'silver economy value chain' is similar to the LHCS mode of *régulation*: the role of local organisations. However, the proposition strongly differs according to its market orientation. Indeed, the local coordination would rely on a market-based actor that would be the core of the global value chain. This 'key stakeholder' is expected both to manage care and to support the development of ICT solutions. In other words, the local core of the expected *régulation* of the global value chain has to sustain the development of market rationale (and market expansion) for ICT rather than organizing the sustainability of the territories via horizontal solidarity.

Yet demographic ageing is a crucial challenge for local authorities because in order to maintain population levels, solutions have to be set up locally. Long-term care experts argue that collective answers are necessary for care management (Joël, 2012). They suggest many experimental measures (e.g. urban design, intergenerational housing systems…) that can only be systematised at the local level. To sum up, territorial hybridization is an integral part of *régulation*. This leads us to examine a second public policy, which focuses on territories and includes home care services.

B/ Local experimentation for developing employment in 'local services': the challenge of creating a sector while staking out a geographical territory

Since 2013, the regional council[15] of Champagne-Ardennes has been trying to consolidate and create employment in 'local services', a specific sector that includes LHCS, convenience stores, crafts (including microbusinesses in the building industry) and leisure services (sports, youth activities). All these activities are organised and used within a given geographical area. So the sector is organised from a local perspective.

In order to consolidate employment, the regional council uses national institutional measures that are implemented locally under its authority. These measures aim to develop vocational training in partnership with professional trade unions. The regional council also has some degree of freedom to develop measures that structure (and consolidate) employment, especially through local experimenting.[16] This is the framework of an innovative action that intends to develop a way to reconcile the needs of flexibility from the employer (employ staff seasonally or for a short time) while giving workers some job security.

In order to reconcile opposing needs, one needs to build up a mix of employee-friendly measures, such as enabling employees to work for several employers at the same time (and

[14] To be exact, the first configuration of the work group did not include historical care providers, since 2014 the major care providers are included in the work group but they have a minor weight.

[15] France has three levels of local government: 22 'regions' (13 from 2016), 96 'départements' and more than 36 000 communities.

[16] The authors have an interest in this local experimentation through an action research project. The empirical materials are based on participant observation, meeting minutes, and preparatory reports.

even combine employment and self-employment). In other words, this policy aims to boost cooperation between for-profit and not for-profit organisations that are in the same sector as local services. The resources that come both from institutional measures and from organisational measures would then be organised at the employee level rather than at the organisational level. So the employee would become one of the objects of the *régulation*.

Reaching this objective implies both the mobilisation of local stakeholders and their acceptance of employee-sharing. Indeed, as already mentioned, *régulation* is not simply the product of institutional arrangement but also endogenous to the industry stakeholders. To this end, the regional council required local partners. Local authorities consequently asked for help from professional associations and business networks in charge of this sector. The territorial dimension of *régulation* is expected from the endogenous action of local and sectorial network leaders.

The focus on territory suggests that employment is a gateway to the main objective, i.e. territorial *régulation*. As shown above, the plan for LHCS development was to create new jobs, but it also introduced institutional measures to regulate the healthcare system.

As LHCS produce LTC services, the local services sector includes services required to maintain a rural population in the area. Consequently, the development of these services should improve the area's ability to maintain its population within a context of unfavourable demographics and diminishing local public services (e.g. closure of schools and post office). In the end, isn't the regional council looking to regulate the vibrancy of the area instead?

7. Conclusion

So, what have we learned from the French LHCS case? This article has sought to examine the *régulation* capacity of institutional arrangements that intended to generate a market-based sector. Thus, we specified what we mean by *régulation*, what is regulated, how it is regulated and the area covered.

To this purpose, we adopted a meso-level *régulation* approach. We added two elements in the sector-based *régulation* corpus. The first was the productive models framework. To analyse strategic behaviours and the organisational choices of service providers without deducing those behaviours from institutional arrangements, we used the notion of productive models (Boyer & Freyssenet, 2002). As such, for a given institutional context, we can analyse the way in which an organisation assembles production, consumption and exchange rationales in its own way.

The second input deals with the constant problem of *régulation* sector-based approaches, and the interaction between the macro and meso levels. Here, there were financial constraints as well as constraints related to welfare benefits. We then argued that the major problem of *régulation* (i.e. the management of tensions in the accumulation plan) lies in balancing the three orders of any society: domestic, economic and political.

The French government plan for LHCS development intended to reinforce the economic order by organizing the service exchange via nationwide mediators. These were to be the main growth lever for LHCS, by simultaneously undertaking marketisation, sectoralization, industrialisation and de-territorialization. Yet our analysis reveals that the failure of the mediators runs deeper than their gradual disappearance might suggest. Despite government-steered sectoralization, LHCS is still not a properly defined sector, as its institutional arrangements so often run alongside other outside arrangements.

Also, despite the development of a national level to encourage industrialisation, the regulatory compromises that we underlined are set up locally and take place between associations and local authorities, in order to maintain the population in a given area and manage the incoherence of institutional arrangements that segment the health system.

Considering this result, the *régulation* of the silver economy (linked to the healthcare system and with a large territorial approach) seems relevant. Nevertheless, local areas should be regulated by a market-based, industrial perspective that has already failed for home care services. With this in mind, local experimentation in developing employment in local services seems more relevant for organizing a territorial and sector-based dynamic that would be coherent with the anthropogenic growth regime suggested by Robert Boyer (2004, 2015). However, the reinforcement of market-based logic in the social protection system to cut back on public expenditure and the merging of local authorities are signs that we are not headed in that direction.

Appendix 1

	Introduced
Social assistance benefits in kind from social pension funds	1962
Private individual employers over 70 years old or disabled: exemption from the employer's share of social security tax	1987
Creation of a statute for intermediary associations	1987
Creation of the accreditation process	1991
Legalisation of placement services	1991
50% tax cut on the cost of services (only private individual employers and associations)	1991
30% reduction from the employer's share of social security tax for associations	1993
Chèque emploi service (CES): a scheme aimed at simplifying the process of hiring, paying and making social security contributions for a domestic worker by paying his salary using a special cheque book provided by banks. Changed to the chèque emploi service universel (CESU) in 2005.	1993
50% tax cut extended to businesses	1996
Total exemption from the employer's share of social security tax on care assistant salary if hired via a service provider (for home-based services only)	1997
Titre emploi service (TES): voucher scheme	1999
Reduced VAT rate for businesses	1999
Allocation pour l'autonomie (cash-for-care scheme)	2001/2002
Medico-social authorization and pricing at the production cost (service providers only)	2002
Childcare benefit	2003/2004
Creation of the French National Agency for lifestyle and home care services	2005
Creation of nationwide mediators	2005
Right of option between accreditation process and medico-social authorization	2005
Tax credit on corporate income tax (25%) for contribution to CESU voucher scheme	2005
Chèque emploi services universel (CESU) replaces CES scheme and TES scheme	2005

The institutional arrangements in bold type are part of the Borloo plan for lifestyle and home care services development.

References

Afrite, A., Com-Ruelle, L., & al. (2007), "Hospital at home, an economical alternative for rehabilitative care", *Issues in health economics*, volume 119.
Amable, B. (2000), "Institutional complementarity and diversity of social systems of innovation and production", *Review of International Political Economy*, volume 7, n° 4, 645 - 687.
Anonymous. (2013), "La silver economy, une opportunité pour la france et ses territoires, propositions de la filière silver economy."
Bailly, F., Devetter, F.-X., & al. (2013), "Can working and employment conditions in the personal services sector be improved?", *Cambridge Journal of Economics*, volume 37, n° 2, 299-321.
Bartoli, P. & Boulet, D. (1990), "Régulation et spécificités sectorielles : la sphère viticole", *Cahiers d'économie et de sociologie rurales*, volume 17, 7-38.
Baumol, W. J., Panzar, J., & al. (1982), *Contestable markets and the theory of industry structure*, Harcourt Brace Jovanovich, San Diego.
Boyer, R. (2004), *The future of economic growth: As new becomes old*, Edward Elgar Publishing,
Boyer, R. (2015), "L'essor du secteur de la santé annonce-t-il un modèle de développement anthropogénétique?", *Revue de la Régulation. Capitalisme, institutions, pouvoirs*, n° 17.
Boyer, R. (1990), "Les problèmes de la régulation face aux spécificités sectorielles", *Cahiers d'économie et de sociologie rurales*, volume 17, 39-76.
Boyer, R. & Freyssenet, M. (2002), "The productive models", *Translated by Alan Sitkin, Hampshire, UK: Paigrave Macmillan*.
Boyer, R. & Saillard, Y. (2002), *Régulation Theory: A State of the Art*, Routledge, London and New-York.
CERC. (2008), "Les services à la personne," Paris: CERC.
Chantelat, P. (2002), "La Nouvelle Sociologie Économique et le lien marchand: des relations personnelles à l'impersonnalité des relations", *Revue Française de Sociologie*, volume 43, n° 3, 521-556.
Coriat, B. & Weinstein, O. (2005), "The social construction of markets", *Issues in regulation theory*, n° 53.
Debonneuil, M. (2004), "Les services : une opportunité pour créer des emplois productifs", *in* Cahuc, P. et Debonneuil, M., *Productivité et emploi dans le tertiaire*, La Documentation française, Paris, 11-59.
Devetter, F.-X., Jany-Catrice, F., & al. (2008), *Les services à la personne*, La découverte, Paris.
Domin, J.-P. (2013), *Une histoire économique de l'hôpital (XXe siècle), Une analyse retrospective du développement hospitalier. Tome II (1945-2009)*, Comité d'histoire de la sécurité sociale, La documentation française, Paris.
du Tertre, C. (2002a), "Activités immatérielles et relationnelles : quels nouveaux enjeux de régulation pour les secteurs et les territoires ?", *Géographie, économie et société*, volume 2002/2, n° 4, 181-204.
du Tertre, C. (2002b), "Sector-based dimensions of régulation and the wage-labour nexus", *in* Boyer, R. et Saillard, Y., *Régulation Theory: A State of the Art*, Routledge, London and New-York, 204-213.
European Commission. (2015), "Growing the Silver Economy in Europe," *Background paper.*
Frinault, T. (2005), "La réforme française de la dépendance ou comment bricoler une politique publique", *Revue française de science politique*, volume 55, n° 2005/4, 607-632.
Gadrey, J. (2000), "The characterization of goods and services: an alternative approach", *Review of Income and Wealth*, volume 3, n° 46, 369-387.
Gadrey, J. (2002), *Productivity, innovation and knowledge in services: New economic and socio-economic approaches*, Edward Elgar Publishing,
Gadrey, J. (2001), "Régime de croissance, régime de productivité : peut-on penser les régulations post-fordistes avec des concepts fordistes ?", *Lettre de la Régulation*, volume 39, 1-3.
Gallois, F. (2009), "Politiques sociales à destination des personnes âgées et emploi dans les services à la personne : une analyse en termes de complémentarité institutionnelle", *in* Barnay,

T. et Legendre, F., *Emplois et politiques sociales, Trajectoires d'emploi et rémunérations*, L'Harmattan, Paris, 223-236.
Gallois, F., (2012), "Une approche régulationniste des mutations de la configuration instutionnelle française des services à la personne," *Thèse de sciences économiques.* Reims: Université de Reims Champagne-Ardenne.
Jeandet-Mengual, E. & de Reboul, J.-B., (2008), "Analyse et modalités de régulation de l'offre globale en soins infirmiers, note de synthèse réalisée par l'IGAS," Paris: IGAS.
Joël, M.-E. (2012), "Dépendance : au-delà des coûts", *Projet*, volume 326, n° 1, 27-35.
Karpik, L. (2010), *Valuing the Unique: The Economics of Singularities*, Princeton University Press, Princeton.
Lamarche, T., Nieddu, M., & al., (2015), "A regulationist method of meso-analysis," *Recherche & Régulation 2015.* Paris.
Laville, J.-L. & Nyssens, M. (2000), "Solidarity-Based Third Sector Organizations in the "Proximity Services" Field: A European Francophone Perspective", *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, volume 11, n° 1, 67-84.
Le Bihan, B. & Martin, C. (2010), "Reforming Long-term Care Policy in France: Private–Public Complementarities", *Social Policy & Administration*, volume 44, n° 4, 392-410.
Michel, S. & Vallade, D. (2007), "Une Analyse de long terme des dépenses sociales. Vers un indicateur synthétique de développement des hommes", *Revue de la Régulation. Capitalisme, institutions, pouvoirs*, n° 1.
Ministère du Travail de l'Emploi et de la Cohésion sociale. (2005), "Plan de développement des services à la personne ".
Newhouse, J. P. (2003), "Reimbursing for Health Care Services", *Économie publique/Public economics*, volume 2003/2, en ligne.
Nieddu, M., (1998), "Dynamiques de longue période dans l'agriculture productiviste et mutations du système agro-industriel français contemporain," *Sciences économiques.* Université de Reims.
OECD. (2012), "Healthdata."
OECD (1994), *The OECD job study, Facts, Analysis, Strategies*, OECD, Paris.
Priou, J. (2007), *Les nouveaux enjeux des politiques d'action sociale et médico-sociale*, Dunod, Paris.
Théret, B. (1997), "Méthodologie des comparaisons internationales, approches de l'effet sociétal et de la régulation : fondements pour une lecture structuraliste des systèmes nationaux de protection sociale", *L'année de la régulation*, volume 1, 163-228.
Théret, B. (2000), "Theoretical Problems in International Comparisons: Toward a Reciprocal Improvement of Societal Approach and "Régulation" Theory by Methodic Structuralism", *in* Sorge, A. et Maurice, M., *Embedding organizations. Societal analysis of actors, organizations and socio-economic context*, Benjamins publishing company, Amsterdam, 101-115.
Thiérus, L. (2015), "Les services à la personne en 2013, un fort recul de l'emploi direct accentue la baisse d'activité du secteur", *Dares Analyses*, volume 10, 1-11.
UNA. (2008), "Rapport d'activité 2007," Paris.