

Adjusted and completed

**FINAL REPORT:**

**Survey on the development of work places and  
employees in private enterprises in the fields of  
health, care and provision**

**1990-2004**

Commissioned by



In cooperation with:

**Föreningen Kooperativ Utveckling,  
Kooperationens Förhandlingsorganisation, Vårdföretagarna inom Almega,  
Företagarna,  
Arbetsgivarförbundet för ideella organisationer, Kommittén för  
Alternativmedicin,  
Statistiska Centralbyrån och Skatteverket.**

*Stockholm, March 2006*

May be used and quoted with reference to source and author.

## **EXECUTIVE SUMMARY IN ENGLISH**

### **Definitions and categories of the Report**

This research was mainly done during the period June – December 2004. After a partial report to and discussion with the principal NUTEK, Swedish Agency for Economic and Regional Growth, the survey was finalized in May 2005 and then extended as well as updated in December 2005.

The report is using the Swedish terms of Health ("hälsa"), Care ("vård") and Provision ("omsorg") which do not exactly correspond to English and international terminology. It however includes all activities within in Health and Social care, Hospital and Institutional as well as Open or Primary and Ambulant care, further Prevention, Rehabilitation, Dental care, Elderly care, Nursing care, Care of Disabled persons, Drug abused care, Alternative and Complementary Medicine, Humanitarian and Refugee reception but not children's day care.

Legal entities covered by the report are enterprises and organisations defined as "private operation forms" whilst financed and distributed by public taxing and entities to the extent of 97-98 %.

Private operation forms in this report are categorized in two main groups: share holding companies and other private operation forms.

One part of the report is a statistic survey with figures mainly received by the state agency SCB, Statistics Sweden, and from the Employer's Organisation KFO (organizing co-operative entities). A second part of the report is two questionnaires to employer's organisation and to their members respectively.

### **Conclusions of the Report**

The total number of public and private employed covered by the survey was reduced during the period 1990-2003 with 30 000 people to 656 400 persons or 4,5 %. The number of working places in contrast did increase during the same period with almost 12 500 seats into 31 275. This development is considered to be caused by the establishment of so called special living forms and open care forms within social care (elderly and disabled care) as well as the strong development of alternative and complementary medicine (outside the public sector).

The report shows all forms of private operating increasing very strong since 1990 and at the end of 2003 had 103 000 employed in 18 600 working places, average 5,5 employed persons per working place, to be considered as an expression for small scaled and decentralized activity with a high degree of producer as well as of user participation.

The share holding companies are dominating with more than 70 000 employed corresponding to about 70 % of all private operations in the sector. Share holding companies in this sector also are bigger of size and they have more staff members per working place, average 9,8 employed per working place, in comparison with other private operation forms which had only 2,8 employed per working place. The latter is considered to be caused by the fact that those are including a huge number of single person companies.

The report has calculated the annual turn over year 2002 of private operation forms within Health, Care and Provision, children's day care excluded, to almost 40 billion SEK,

corresponding to 4,3 billion euro or 5 billion USD. The annual growth since is about 6-7 % in private operation forms whilst the annual turn over year 2005 can be calculated to about 48 billion SEK corresponding to 5,1 billion euro or 6,1 billion USD.

The share holding companies with in health and social care in Sweden are representing a joint annual turn over of about 33 billion SEK<sup>1</sup> or > 2/3-rd of the entire enterprising of this sector.

Within open health care and so called special living forms of social care the share holding companies are dominating even more where 9 and 8 respectively out of 10 private employed can be found.

It should be noticed that the legal form of an entity is not the only depending factor for the judging of the values, ideology or quality of a company. The legal form as such can not separately form the basis of real appearance such as corporate governance, influence of stake holders, including staff, users or producers or development. Thou, this factor unfortunately is the one and only quantitative possible base of separation of different kind of operations due to public statistics. Tendencies of equalities and differences could to some extend be noticed in public statistics of enterprise legal forms, but a qualitative analysis is demanded in order to establish a secure opinion. The research therefore has managed a simple questionnaire about present questions connected to different variables appearing in the public opinion.

Almost half of the companies questioned in the questionnaire has managed to improve their annual turn over with more than 4 % a year average during the measured period. An even distribution between different levels of growth and subsectors can be observed. Also the even distribution of private operations all over Sweden with one third each in Svealand (Mid-Sweden) and Götaland (South-Sweden) respectively as well as one fifth in Norrland (North-Sweden) can be noticed.

All different forms of legal entities, eg. companies, associations and foundations, are increasing their share of health, care and provision, share holding companies and single person companies having the most and fastest development.

Each entity is active in average in 1,5 defined subsectors (integrated), meaning every second company is active in two subsectors. Half of the entities are established before 1996 and the other half after 1996. The most important advantages in their development the last five years are competence, experience, direct influence and the vicinity to customers (public financiers) or users.

Significant for private operations within health, care and provision are firstly the influence of producers (staff) themselves, followed by idealistic character and care ideology. The superior way to establish a new company in this sector is an initiative of its own. Most probably a beginner also takes advice from eg. a local authority of employment, a local cooperative development agency or a similar agency.

The most important advantage of private operators' development are the special care ideology/character, followed by competence and experience and local influence/decision making.

The largest obstacle and problem the last five years of the private operators of health, care and provision are the lack of risk- and investment capital followed by negative political intervention. Political intervention should be understood as changing rules, decreasing economic conditions for subcontractors or short terms of contracting.

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<sup>1</sup> corresponding to appr 3,5 billion € or 4,2 billion \$ (March 2006).

The survey does not give any proof for party political differences within local or regional governments in those aspects between different political majorities.

The most important advantages of private operators in the next few years will be the special care ideology followed by the vicinity to customers and users.

Different forms of political intervention or political rules with negative effects, followed by changing taxation rules and lack of risk- or investment capital, are supposed to be the largest threats for private operators within the social economy the forthcoming three years.

6 out of 10 entities believe that their operation will be developed positively, though given obstacles, the forthcoming three years. The most positive forecast are made by companies within health care.

The number of employed women in private operations within in health, care and provision has been estimated to between 83 000 and 86 000 in the report. The growth of employed women in private operations means that between 51 000 and 53 000 women has been given a job in private care parallel with the decreased number of employed women in the public care sector with about 76 000 women.

Private operation forms therefore also are functioning as a significant employment factor for women and is also a explanation factor to why so many new care companies are established by women themselves why those women have a very high competence and long experience of their profession and sector.

The presumed female domination in private operation forms means that private working places are represented by women in 8 of 10 persons in share holding companies in health, care and provision and 9 out of 10 persons in other operation forms. A share holding company in this sector has 8 women to 2 men, and another operation form has 1,8 women to 0,4 men.

The entire number of asked employers' and sectorial interest organisations is predicting that their member companies will develop positive in the next three years, 2005-07. Cooperation concerning financemnt and investments is the most common motive for cooperation between companies, followed by joint purchase.

In Sweden there are 25 local cooperative development agencies, LKU, on 25 places all over the country. The most important distinguishing character of the members of LKU are that they are co-operative and are supporting producer influence. The stake holders within health, care and provision being members of LKU are normally established by an initiative of its own (71 %) and with the support of LKU in half of the cases. Many of the cooperatives established on the initiative of its own has got support by a LKU and many of them are members of the Employers' Association of Cooperatives (KFO).

None of the members of KFO having answered the questionnaire said that they had support from a LKU at the starting point. One explanation, not verified in this report, could be that many start ups are going back in time and that present representatives do not have knowledge about the start up and support history. The result does not either correspond with the opinion of the LKU in the survey.

In every case, members of LKU are developing to a weaker degree than eg. share holding companies.

Though, LKU are positive in their prediction about the growth of members within the care sector. 57 % think their members will grow. If LKU had the opportunity to work together

with other concerning competence development and recruitment (71 %) and coordinated tenders (50 %), their members should grow more and faster.

Many things, eg. the speed of growth, is presuming that share holding companies and other private operation forms with in health, care and provision will play an important role for growth not only with in the are of its competence but for the entire Swedish economy.

NUTEK can support different factors of growth within this sector, eg.

- competence
- net working
- female enterprising
- capital
- taxation rules
- sub contracting rules
- political play yard rules.

NUTEK should, so says the report, take an initiative to follow up our report with a second step in order to manage a qualitative study where different needs and form of structures of cooperation, play yard rules and female enterprising could be specified in the growth promoting purpose.

### **Proposal and recommendations**

The report shows a strong growth within the sector of health, care and provision, both among share holding companies and other private operation forms (social economy).

So far Medicoop has obtained, NUTEK in February 2005 got the commission to form and manage a program of entrepreneurship. A part of such a programme is to increase knowledge, develop tools and materials for those people who shall advise and start up service producing companies which have their origin in the public sector, meaning a responsibility of managing of public financed activities. In our report non tax subsidized private operations correspond to only 2 or 3 % or the total private care.

Other present commissions of NUTEK are to propose improvements of common rules and to find out for SMEs to get the capitalization they need, problems and challenges which have been verified in this study to a very huge extent.

In the light of the very strong verified result of our research, and now shown present commissions of NUTEK, we propose the authority, after a public evaluation and hearing of the report (comment: hold in August 2005), to assign financment for the following activities:

1. The carrying out of an in-depth-analyse of recognised distinguished characteristics and advantages of the extent and speed of growth of private operators within health, care and provision, especially within social economy;
2. A follow up study of recognised problems and obstacles as basis of political and other measures which can presume the stimulation of health, care and provision actors within social economy regarding rule simplification, capital formation and distribution of knowledge;
3. A complementary study in order to increase knowledge of activities having their origin within public sector, their creation, development and potential as well as their role as good practise and model.

4. A qualitative study with in-deep interviews of a selection of companies which have been included in the questionnaires with respect to their special character of quality, methods and female enterprising.
5. NUTEK also in a second step should analyse the presence of so called integrated activities within the studied sector.

#### The distribution of the report

We propos NUTEK to manage

1. a media meeting
2. a gathering with the Ministries of Industry and Social Affairs respectively and with concerned authorities
3. regional seminars with private and public representatives for presentation of the report with respect of strength and weaknesses as well as advantages and obstacles of the private sector as growth factor of health, care and provision

The report presumes to have a common international interest and should be translated to an executive summery in English financed by NUTEK. (here through done!).