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Resource Development: Is There A Case for Commercial Personal Care Services?¹

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Contemporary Challenges

The years since 1980 have been particularly troublesome and challenging for human service leaders at all levels in the United States. After apparently moving to the very center of public life and social concern in the 1960s, social programs appeared to many to be shuffled into the anteroom of history during the early 1980s, there to await possible expulsion, or an enduring minor dissonant role in an American way of life newly rededicated to private affluence, conspicuous consumption and self-indulgence for the majority and callous disregard for the disadvantaged.

The years since 1980 have also been a time of despair among human service leaders. Just about the noblest scenario that anyone held forth during this period was inherently regressive and timid: Concerted political action by sympathetic interest groups and newly formed coalitions *might* be powerful enough to stave off additional budget cuts and hold the line until 1984, when the election of a Kennedy or some other political liberal *might* restore normal funding to existing grant in aid programs and enact program of national health insurance.

The sense of despair and limits that has been so widespread since the early 1980s has come about because human service leaders are sufficiently realistic to realize that some very fundamental shifts have taken place in the political fabric of the welfare state – American style that make further dramatic increases in the service state unfeasible or even impossible. However, the ideology of the service state is so deeply engrained in the thinking of most human service leaders that alternative futures in which gradual and continuous expansion of public service bureaucracies does not serve as the primary model of social change appear equally impossible. Thus, the prospect is only of an impasse without a viable future.

If the human services are to rediscover the future and with it a viable program for meeting identified needs, some acceptable alternative to the progressive vision of a service state must evolve. Necessarily, the key element in which a scenario must be a pattern of

¹ A revised and edited version of this manuscript was published as “Resource Development as Executive Leadership” in Felice Perlmutter, Ed. **Human Services at Risk: Administrative Strategies for Survival**. Lexington Books: Lexington MA. 1984. 93-108. For another consideration of this question, see also my paper “Private Human Services in Welfare Society” https://researchrepository.wvu.edu/faculty_publications/2569).

resource development capable of meeting the demand of existing and anticipated service needs.

The focus of this chapter is on an examination of one such alternative scenario that of a future welfare society in which the state continues to play a definite, albeit limited, role in income maintenance while human services evolve increasingly into small-scale commercial enterprises and social workers evolve from the predominant present role of public bureaucrats into autonomous professional entrepreneurs and shopkeepers. No claims of historical inevitability or logical necessity are made for this scenario. It is simply set forth as one possible way to overcome the aimlessness and lethargy that current encompass the present social welfare scene. The reader should know that in setting forth these views, I am not altogether comfortable with them. To some degree, I feel a certain kinship with Jonathan Swift, who “modestly” proposed that the poor cook and eat their children to solve the problem of hunger (Swift, [1729], 1979). However, my proposal is entirely devoid of Swift’s satiric intent.

Two levels of concern inform the present effort. On the one hand, there is the stark political reality of the present. There is every indication that Reaganomics may be around for at least the rest of the present decade and that human services may, therefore, anticipate years of assault on an already seriously diminished federal fiscal base. Even more important to note, however, is that the source of controversy is not, at least on its face, the substance or goals of social programs, but only with the arrangements for financing them with public tax money. Thus, it may be necessary for human service leaders to begin exploring alternative, non-public ways of financing service delivery.

Large numbers of Americans, including many involved in human services, agree in principle with the doctrine of limited government while debating vigorously with the New Right how limited government should be. The traditional position of social welfarists is that public human services are an expression of general community concerns; a kind of general will that does not constitute a threat to individual freedom. However, as the range and scope of services has gradually been extended such claims have come to seem somewhat threadbare.

Indeed a major source of the current malaise among human service leaders may well be substantial – albeit grudging - acceptance of certain, selected New Right positions or at least nagging awareness of certain similarities between the conservative critiques and other more familiar positions such as the importance of the family, the insensitivity of bureaucracy, the importance of intermediate institutions – associations, community, and neighborhood, for example, the problem of total institutions, social control, blaming the victim and citizen participation.

Virtually all of the family practice literature in social work, for example, shares with the New Right the goal of maintaining and strengthening family life. Despite the sound and fury conflict with the New Right has centered principally around

definitions (e.g., what is a family?) and means. This is in marked contrast with the Marxist left with its period fascinations for replacing the bourgeois family entirely. Michael Lipsky in *Street-Level Bureaucracy* (1980) focused on “dilemmas of the individual in public services”. One suspects, however, that conservatives and social workers approach this question with very different notions of individuals. One always suspects the conservative individual is really male, white, well educated, middle class, protestant and at least moderately well-off, while the individuals who are the focus of most social work intervention are more likely to be minority group members, alienated or oppressed, poor or tending toward poverty without consideration of religion or gender.

From Tocqueville and Edmund Burke to Robert Nisbet, these intermediate institutions as buffers between the individual and the state are a favorite theme of conservative intellectuals. Interestingly, it is also a favorite focal point of social workers and for much the same reasons: the mediating role of intermediate institutions, also including peer groups, families and more recently “support systems” alongside the familiar trio of associations, neighborhoods and communities. The social work view also extends the conservative critique at least two new directions by introducing the domain of social problems with focus on alienation, isolation, mental illness, stress and the role of the social environment in creating and sustaining individuality. Although the focus on the problems of total institutions like mental hospitals and prisons is a relatively new addition to the conservative concern with intermediate institutions, work by Goffman (1962), Denzin (1968), Grob (1972), Wallace (1971) and others has provided extensive evidence of the corrosive influence of institutions on the individual. Further, Frances Piven and Richard Cloward (1971) offer a vigorous critique of the historical encroachments of the state on a particular class of individuals – welfare clients – in their book, *Regulating The Poor: The Functions of Public Welfare*. And William Ryan details further assaults on individuality in *Blaming the Victim* (1971). Recent New Right works, like Whitaker’s edited volume of *The New Right Papers* can be very informative on conservative perspectives on citizen participation. For example, Robert Hoy’s essay, “Lid on a Boiling Pot” in that volume (pp. 84-104) discusses the use of citizen participation, advocacy and community organizing tactics in the advocacy of right-wing causes with disadvantaged groups.

Historically the dominant funding strategy of the present American service state has become the discretionary grant program. This itself is a concession to on-going conservative concerns with limited government. The assumption operating in this case is that states and local communities are, in some metaphysical sense, “closer” to the people, and thus less likely to represent intrusive and disruptive threats to individual freedom and well-being and the autonomy of local intermediate institutions. From the 1850s onward concern with limited government has been the principal stumbling block to adequate systems of social welfare in American society. In 1854, President Franklin Pierce vetoed a land grant bill to provide for a system of state mental hospitals that was nearly identical to the one that created the public “land grant” university system in the U.S. less than a decade later. There is simply

no sound historical reason, therefore, to view Reaganomics as a temporary aberration that will quickly pass. If anything, it is the New Deal and Great Society periods that are aberrant and it may be their passing we are now observing.

To be sure, the debate at present has very little to do with the reality or legitimacy of human needs toward which public programs are addressed, with the single notable exception of programs in aid of the poor. Despite the separation of income and services more than a decade ago, poverty is still seen as the central variable in social policy by many people, and in particular by conservatives. Services to the mentally ill, developmentally disabled, elderly, alcoholics, abused, neglected and dying and others in need of personal care are not generally at issue. In all of these cases, it is primarily the use of tax revenues to finance such services that is the principal matter of controversy. Moreover, the sheer numbers of persons involved – perhaps in excess of 30 million – and the increasing awareness of how these problems intrude on the daily lives of such a significant portion of the total population make it inevitable that some permanent solutions to these problems be found.

Given the central place of resources in controversy over service state solutions to these problems, the critical question becomes one of discovering alternative ways to generate resources to meet these human service needs. The general line of argument set forth here is that the public resources of government can never be adequate to meet the full need for human services and that only emergence of a bone fide welfare society beyond the present welfare state offers much hope of ever fully resolving the resource question. In making this argument, I take a note from Harold Wilensky and Charles LeBeaux (1963) who mounted the classic functionalist argument for social welfare in their book, *Industrial Society and Social Welfare*. Their argument that social welfare is an outgrowth of urbanization and industrialization has usually been interpreted as a case for public resource support. It is worth noting, therefore, that they did not regard the matter as that simple. They also wrote “under continued industrialization *all institutions will be oriented toward and evaluated in terms of social welfare aims.*” (Italics added) “The ‘welfare state’ they continued will become the ‘welfare society’ and both will be more reality than epithet” (Wilensky & LeBeaux, 1963, 147).

Recent efforts at support systems and networking offer one approach to a welfare society built on reciprocal mutual aid and voluntary action. Revitalization of the traditional voluntary sector through newer nonprofit organizations and increase reliance on donated and contributed resources offer yet another. Each of these approaches has achieve some measure of discussion and debate and attracted coterie of adherents. However, neither suggests a way in which sufficient funds can be generated so that all who are in need can receive services and persons desiring a career of paid employment in human services can adhere a reasonable condition of economic well-being.

To repeat, the overall thesis of this chapter is that human services could become a key element of future economic growth in a welfare society in which satisfaction of

personal needs assumes a place of central importance. Such a welfare society might emerge through a process in which real economic demand for such services is identified and markets organized from the legitimate personal care needs of children, the elderly, the mentally ill, mentally challenged, victims of abuse and neglect and other, similar, human service client groups.

While such a proposal may initially appear crass and insensitive, upon closer inspection it may not necessarily be any more so than the present system, which promises “comprehensive and coordinated services” to all and which delivers instead fragmented, partial services to small segments of those in need. The more evident the staggering proportions of the need for services becomes, the stronger the pressures are likely to be for non-governmental interventions of this type. The current challenge for social work is to anticipate these pressures and respond appropriately, as discussed in the final section below.

The kind of commercialization of services proposed here is already well underway in medicine, and the nursing home, home health and children’s day care industries. Indeed, the nursing home industry may be the most advanced current case example of commercialization, as upwards of 85 percent of the total bed capacity offered by the industry is privately owned and operated. The potential economic significance of human services in a future welfare society is hinted at by present levels of health care expenditure. Current estimates are that approximately one fifth of the entire Gross National Product in the United States is devoted to health care expenditures. And estimates of the total proportion of health care expenditures that are public vary widely from a low of 25% to highs in the area of 80%. It is within the realm of reason that human services properly capitalized, could account for nearly as much.

Full commercialization of human service industries, should it occur, could solve a number of inter-related problems that have long plagued the field. First, the emergence of viable human service markets, together with necessary intermediate financial institutions like those discussed below, could do what the public sector has been unable to do – extend adequate personal care to all those in need. Secondly, given even the current scale and magnitude of needs, adequate human service systems could be a significant factor in economic recovery of a faltering industrial economy. At the same time, the labor intensive character of human services makes it a potential major employer in an era when productivity gains and automation in manufacturing industries eliminate more and more jobs. Further, the likelihood is of some stability in this area over the foreseeable future. Despite much talk of prevention and various cures of social problems the likelihood of elimination of many of the needs to which personal care is directed is not great at present. It seems unlikely that people will stop getting pregnant, old, dying or becoming depressed, addicted or experiencing other person problems of this type due to some miracle cure or technology simply because these are “problems in living.”

Personal Care and Personal Services

The problem of human services in its totality is too vast and complex to consider in its totality. For this reason, for the remainder of this chapter the focus will be on a key segment or portion of the total problem – personal care services. Personal care services as I am using the term here, are the most recently emergent segment of the large, complex and diverse human services industry, and the even larger, more complex and diverse personal services industry that currently stretches across commercial, public and nonprofit sectors. Taken all together, personal services are a key part – perhaps the key part – of the emerging post-industrial economy. As noted above, in the conventional social work view, the goals of personal care services make them necessarily products of public, voluntary or nonprofit enterprise. As we shall see, however, their similarities to other forms of personal service that are already fully commercialized – whether medical, legal, accounting or other personal services – suggest this issue may not be as open and shut as we have believed.

By personal care services, I intend to denote that portion of human services currently of greatest interest to social work, including foster care for children and adults, day care, home health and hospice services, family services, most types of counseling and therapy, services for the elderly, disabled, mentally ill and handicapped, abuse shelters, group homes and other similar supportive and maintenance arrangements. I am purposely excluding from this conception income maintenance and housing programs, medical services and elementary, secondary, vocational and higher education services.

By virtue of their role in assisting in the tasks of daily living, personal care services are related to other major segments of the personal services industry including various commercial personal service establishments including barber shops and beauty parlors, grocery stores, dry cleaners and commercial laundries and a class of independent service entrepreneurs, both paid and unpaid, including domestic workers, gardeners, babysitters, live-in-tutors housewives and others. Somewhat similar may be the whole class of “deviant and criminal” personal services such as gamblers, prostitutes, drug dealers, certain types of massage parlors, and others but we will not be concerned with such deviant, marginal and criminal personal services here.

Those who doubt the connections between personal care services and other commercial personal services may need to look more closely at the daily activities (not the practice theories) of, for example, Title XX service providers. What these diverse services have in common, among other things, include marked tendencies toward small-scale service establishments – a “shop” mode of organization – no major significant recent advances in productivity as those found in assembly line manufacturing; a craft orientation; the desirability of close personal (or quasi-personal) relations between provider and consumer of the providers and consumers of such services, who must work together to co-produce the service; and marked problems in the measurement and control of service quality. Indeed, the problems of determining standards of a high quality haircut, housecleaning job or therapy session all share the same problems of subjectivity, taste and expectations affecting

the evaluation process. As a result, large-scale vertical integration in personal services industries is seldom an economic necessity and there are few marked tendencies toward monopoly control despite more than 70 years of strictures to avoid “duplication of effort” in public and voluntary personal care services. Roy Lubove cites a funding requirement set out by the Cleveland Chamber of Commerce in 1910, for example “to cooperate with other charitable institutions in promoting efficiency and economy of administration in the charities of the city as a whole, and *in preventing duplication of effort*” (Lubove, 1965, 141).

Traditionally, personal care services, unlike other personal services, have been organized as either voluntary, nonprofit or public services. However, this may be a matter of political commitments than of economic necessity at present. **It is also important to note the role of public subsidies and foundation support. Despite endless talk about the innovative capacities of the market, commercial personal care services have a long track record of timidity and caution. From Head Start to alcohol and other substance abuse services, hospices, home health care, mental health counseling, employment of the elderly, handicapped and developmentally challenged and in numerous other programs, innovating new services is often seen as too risky for commercial operations and real innovation has been left to publicly and foundation-funded nonprofit services. Only after new innovations have been shown to be viable should one expect to see commercialization happening.** Even so, the expectation among human services has always been that voluntary or public funding could adequately finance personal care services. In the future, however, pressures may increase dramatically for the evolution of personal care services away from the present pattern of state support and increasingly toward diverse forms of business organization. In the process, personal care services may come increasingly to resemble other sectors of the personal services industry.

The single factor that will be most critical in this shift will be the need to generate resources (a.k.a. “funding” or in the business argot, capital) adequate to the tasks at hand. As awareness of the need for personal care services spreads, the need for capitalizing personal care services may become so great and the recognition so widespread that it will overcome the traditional resistances of human services providers to commercial or “for-profit” activity. Current public policies that allow third party payments to both nonprofit and commercial establishments are doing much to facilitate this process as in the case of nursing homes, by demonstrating the viability of commercial enterprise in human services.

In some ultimate sense, all of the resources (or social capital) of personal care services are vested in people – their endowments of intelligence, experience, skill and dedication represent the only real assets of most existing or foreseeable personal care services. With the emergence of paid employment and professional careers as primary vehicles of service delivery, however, development of these resources has become overwhelmingly a question of raising money to purchase the necessary personnel time. Thus, as a practical matter resource development in personal care services is primarily an issue of fundraising or “capitalization.

Donations, solicited contributions and program grants from foundations are the traditional fundraising approach of the voluntary sector, while in the public sector there is typically a multi-step process of tax collection, legislative allocation and agency distribution of funds. In recent decades, the discretionary grant has been the foremost distribution arrangement in personal care services. Personal care services based on fees most closely approximate the commercial situation in the present personal care services, and fee-based service delivery would almost certainly be a major element in any future commercialization of personal care services. It is essential that we understand, therefore, why fee-based services are proving superior to other forms of resource generation, as well as what the limits of fee-based services may be.

The conventional approach to the problem of capitalizing personal care services has been to assume that all types of personal care are inherently non-market in nature and that sale of such services would inherently prostitute the nature of the service relationship. This despite the contrary evidence of decades of experience with medical, legal and other types of similar personal services. From this point of view, personal care services must be public, or at least publicly supported nonprofit, enterprises supported by tax revenues or donations. Strong ideologies grounded in American progressivism and British Fabianism have supported such conclusions for decades (Addams, 1981; Crunden, 1982; MacKenzie and MacKenzie, 1977).

In *Breaking Even* (Lohmann, 1980) I reviewed at some length the particular strengths and weaknesses of each of these resource development strategies as well as the historical context of each. I wish now to show how changes in the post-World War II era have made fee-based funding – the essential core of commercial personal care services, increasingly possible without solving the traditional limitations on public and voluntary funding. There are two principal problems that have traditionally limited the effectiveness of voluntary fundraising for the support of personal care services. The first of these is the weakness or absence of reciprocity between the clients of services and donors, and the second is the effect of the law of diminishing returns on consolidated fundraising.

Gift-giving is a trait of most, perhaps all, human cultures although it takes many diverse forms (Mauss, 1967; Sherry, 1983; Sugden, 1984). A common theme in research on this topic is that the seemingly altruistic and self-denying act of giving a gift is, in reality, an interactive reciprocal act defining the relationship between self and other and an affirmation of social bonds which is highly gratifying to the giver. Thus, a Pacific Coast native American who gives away all of his belongings in the traditional potlatch does so secure in the expectation of like return in the acts of his neighbors.

A very similar expectation, which the sociologist Alvin Gouldner (1960) termed *the norm of reciprocity*, appears to form the outer limit of voluntary contributions with large contributions where it is present and small (or no) contributions when it is absent. In most instances today, religious, communal, familial and other social bonds that might assure such reciprocity between voluntary donors, service staff

and clients of personal care services are from all appearances either very weak or nonexistent with the result that such contributions are extremely small in proportion to the total wealth of the society. Until such time a strong and real bond can be established between givers and clients as the basis of genuine reciprocity, the likelihood is that voluntary contributions will continue to be similarly limited. The perspective taken here is that for a family with a \$40,000 income to give \$100-200 to a charitable service is not a particularly noteworthy act, and giving at this level will never solve the resource problems of voluntary agencies.

In addition it would appear that voluntary fundraising also has to contend with the effects of what economists know as diminishing returns. The assumption in consolidated funding campaigns was that if agencies consolidate their efforts, equal (or greater) amounts of funds will be raised at lower fundraising cost. In many instances, however, the experience appears to be that consolidation instead reduces disproportionately the size of contributions thus becoming self-defeating. The \$40,000 family that has been giving \$200 to each of three separate voluntary agency may not make a fully rational decision, instead feeling good that they now give a significantly larger contribution – say \$500 – to the consolidated campaign without ever fully acknowledging that their actual contribution is \$100 less than in the past. Such a smaller contribution is, it might be added, is also easily justified by the consolidated campaign's own claims that it is now more efficient – and thus presumably needs fewer resources to get the same result.

There are also three major weaknesses in the system of discretionary grants which have limited the effectiveness of public sources for the support of personal care services. The foremost problem with public funding through discretionary grants has been that the resultant dependence of personal care services on the exigencies of the annual federal budget cycle necessarily structure instability into the system of organizing and delivering care; instability that has no direct relationship to the circumstances of either service provider or client. Thus structured instability, often mistakenly termed social change, creates artificial and irrational fluctuations in the availability and levels of service completely unrelated to either need or demand. Secondly, it would appear that there are other factors built into the present discretionary grant system that work against stable, adequately funded services. The system of funding grants, for example, together with express prohibition of agencies from shepherding surplus unspent funds acts to guarantee levels of imprudent spending and increased cost. Further, no grant funded agency has assurance of continued support beyond the present fiscal year. This means of creating artificial risk creates a quasi-competitive environment that is supposedly intended to make services “more business-like” but it often has other quite unintended effects.

In addition, the system of “competitive” funding means that agencies often invest more effort in fundraising with little real promise of return. Such added fundraising costs however are impossible to tabulate or monitor since federal grant accounting standards (and most foundations⁰) expressly prohibit tracking and

reporting such costs. This is no mere trifle either. A recent DHHS announcement, for example, indicated that in the previous fiscal year, 5,620 inquiries for grants were received while 167 awards were made. This means that any random grantee submitting to that process had roughly a three percent chance of receiving a grant award. In other words, for every 100 grants written, this agency should expect three of them to be successful. That is a form of fundraising which, from an agency standpoint shouldn't be too difficult to improve upon.

In the final analysis, however, the greatest problem with discretionary grant funding is the limitation of the federal tax form. It is sobering to remember that the "golden age" of grant-funded social services (roughly 1968 to 1980) was marked at both ends by tax cuts! Public revenues can be a sufficient source of capital for personal care services only when two prior conditions are met: There must be strong, widespread public support for those personal care services in the population and that support must be translated into widespread public willingness to accept higher rates of taxation to support the full portfolio of services. Tax revenues will never be sufficient to underwrite the staggeringly large cost of the needed personal care services in any society where abhorrence to high taxation and big government is as great as it is currently in the United States. The democratic service state will fail in the U.S. to be an adequate solution simply because the American people as a whole are unwilling to meet these necessary conditions. The only way to make this solution work is to impose it on an unwilling and reluctant public by force or duplicity. Unfortunately this makes advocates of public funding of personal care services no more or less virtuous than other special pleaders, including the lobbyists and advocates for tax breaks for the wealthy based on "trickle down" economics.

This brings us then to the possibility of fee and through that avenue to the possibilities of commercialization. There have traditionally been two primary objections to fees in personal care. On the one hand, it has often been objected that it is morally wrong to assess persons a fee for helping them. To the extent that such moral objections are valid, of course they almost entirely rule out the moral acceptability of adequately paid careers in organized services as well; for precisely the same arguments would hold that paid employment to help others is, therefore is immoral. Under such a view, unpaid acts of voluntary service provision appear to be the only morally acceptable alternative.

The second objections is less a matter of morality and more purely pragmatic: How can one assess fees from clients who are too poor to pay them? The problems raised by this question are considerable and worth extensive consideration. The introduction of "sliding scale fees" and "ability to pay" standards go a long way to resolving any moral problems, but ordinarily such fees must be set so low that they do little to resolve the pragmatic question of generating the necessary resources. It is worth noting, however, that in the period since the end of World War II, rates of poverty have declined dramatically even as understandings of chronic disease and social problems have broadened, and a large range of personal care services for the

elderly, mentally ill, developmentally disable and others are no longer seen as limited only to the poor.

In this context, we are left, ultimately, with the issue of cost and price. *The key question for the future development of personal care services along commercial lines is whether such services can be organized and delivered at prices which clients of those services are able and willing to pay.* While it may at first appear insurmountable, this problem could yield to a variety of schemes for long-term financing, insurance and other financial arrangements familiar in contemporary consumer society.

Redefining the problem of funding personal care services as a problem of capitalizing new service industries in an emerging welfare society does not, in itself, resolve any of the major issues involved. In fact, in the short run it merely sharpens the increasingly poignant dilemma already well understood by many social welfare leaders: If, on the one hand, personal care services continue to insist on the necessity of public and publicly subsidized nonprofit enterprise, the future can be expected to be a direct continuation of the recent past, with chronic resource shortages, infrequently interrupted by short bursts of new funding and periodic outbursts of public indignation at highly publicized improprieties that serve to undermine further the underling social compact and weaken the credibility of those services. If, on the other hand, these same services were to opt for commercialization there is at least a possibility that the problem of capitalization could be solved, but only at the cost of raising a host of new and unprecedented quality control and consumer protection issues.

The critical question to personal care leaders raised on the Progressive New Deal ideology is whether it is actually possible that high quality personal care services could be delivered “for a profit” by commercial organizations. To anyone who has ever stayed at a luxury hotel or eaten at a gourmet restaurant, of course, there is an aspect of that question that seems completely nonsensical. However, the underlying concern is a very reasonable one and the issues involved in the case of personal care services deserves full and complete consideration.

Some of the possibilities of commercial personal care services can be suggested by merely noting how many of our present “activities of daily living” are already supported by commercial services: grocery stores, repair shops, cleaners, restaurants, taxis, barber and beauty shots, and much, much more. The principal difference between these personal services and the kind of personal care services under discussion here may be less a matter of some inherently “non-market” character of the latter than it is of the necessity to socialize the risks involved in defining markets and standardizing service technologies. Once standardized, it is quite conceivable that many current forms of personal care could (and will) become commercially viable. To take a simple example, it would have been unthinkable to offer counseling services through a private practice (whether by a social worker, counseling psychologist or some other occupational group) in most American cities thirty years ago. Today, however, such services are becoming commonplace. Why?

In part at least because of education, accreditation, professional licensure, and an underlying system of legally defined responsibilities and liabilities for poor or risky provision and “malpractice.” Such institutions and arrangements empower informed consumers of these commercial services to risk spending on the opportunity of receiving help. It is not too difficult to think of many other services in which a comparable progression makes sense: senior activity centers, retirement counseling, adult day care, information and referral services, are just a few of many such examples that could be cited. In each case the issue remains the same: Whether our resistance to the idea of such services offered commercially exceeds our discomfort with the idea that the alternative is that clients with real needs will go unserved?

A Privatization Strategy

What action would be necessary for commercialization of personal care services to succeed, not only in the sense of becoming profitable, but also in the larger sense of providing an expanded system of effective services? There are at least six major problems.

First, it would be necessary to make room within general and specific personal care ideologies alongside public and voluntary nonprofit activities, for views of competition, profit and private business activity as realistic and legitimate options. Social workers might look to other “shopkeeper” professions as diverse as dentistry or pharmacy for specific guidance in this. It would appear that there are two broad ways in which such an ideological transition might occur. On the one hand, to the extent that there is a degree of historical necessity and inevitability to the need for personal care services, it is entirely possible that we may see tendencies toward a kind of Pareto-inspired “circulation of the elites” in which leadership in personal care industries passes gradually (or, for that matter, quickly) from die-hard progressive and traditional social welfarists to those more sympathetic to business outlooks. To some degree, such a transition is already underway in those cases where business men (I use the term here advisedly) replace old line progressive leaders who are women on boards of directors of voluntary agencies, foundation boards, and as holders of MBA and MPA degrees have entered the ranks of social agency administration.

A distinct alternative, of course, would be reformulation of the practice ideologies of social work and related helping professions, in effect, rethinking the relationship between service and profit. Currently, I am unaware of any graduate or undergraduate social work course anywhere in the country on the theme of “social work as a business.” The likelihood of this alternative, however, is very limited. Very few people in social work today would seriously argue with the view that a career in personal care service is precisely the kind of altruistic, self-denying activity portrayed in the ideals of the progressives (See, for example, Chapter 1 of Addams, 1981; or the discussions of Jane Addams, George H. Mead or Woodrow Wilson in Crunden, 1982). Yet, recent work in organization theory, particularly studies of bureaucracy, has considerably muddied the lines between public-spirited

and private action, particularly on questions of self-interest and personal gain. Suggestions that *all* human action is actually self-interested and profit-oriented is a major theme of much recent social science. Anthony Downs (1967) and the influential social exchange theories of George Homans (1961; 1968) and Peter Blau (1967) and recent work in rational choice theories (Heath, 1976) offer particularly good examples of the genre. On top of this, there is the approach of the “Chicago School” economists led by Gary Becker (1976). In the face of these perspectives, it is simply untenable to suggest that your barber may be a robber baron and the local municipal or voluntary fire chief a saint! All of these perspectives – and many others – by focusing on organizational dynamics have considerably muddied the waters.

For the opinion leaders of personal care services, deans and faculty in universities, public officials in government agencies and others involved in opinion formation and knowledge transmission- the transition from progressive public spiritedness to some version of a commercial outlook may be particularly difficult. It involves challenging some very entrenched truisms dating back at least to Sinclair Lewis, Thorsten Veblen, Otto von Bismarck, Thomas Chalmers and beyond. However, for many practitioners less steeped in historical knowledge and theory and whose daily life worlds involve significant contact with business people involved in the sale of personal services, such a transition may be easier and seem less heretical. If such a transition in ideologies occurs in social work thinking, therefore, it is less likely to come from the universities than from the administrative offices of hard-pressed agencies.

Secondly, for a transition to commercial services to prove viable, concerted efforts will be necessary to standardize service technologies, articulate clear and recognizable outcomes and develop clear and explicit standards for regulation and quality control. In a legitimate welfare society with commercial personal care services, there are still important governmental and nonprofit roles in regulation of such services. Three important steps will be necessary for the emergence of an adequate system of regulation of commercial personal care. First, there is a need for expert consensus among researchers, theorists and practitioners about what is most important and vital in the case of each type of personal care. Lack of consensus, of course, is already a major impediment to control of service quality today and should be a high priority whether or not commercialization occurs. To the extent commercialization occurs such expert consensus is essential. Second, there is a need for widespread public education efforts to create informed client populations for various service industries. Recent experiences in education health consumers on the importance of prenatal care and the necessity of regular cancer, health and other screenings, annual physical examinations and other cases leave room for optimism here.

Thirdly, full commercialization of personal care services will almost certainly require the development of a range of new financial and fiduciary institutions falling roughly under the heading of what Richard Titmuss called “occupational and

fiscal welfare” (Titmuss, 1958; Titmuss, 1976). As studies of social health maintenance organizations (S/HMOs) by Robert Morris, Frank Caro and others at the Levinson Institute, Heller School, Brandeis University have shown, the key to financing personal care services may turn out to be less a matter of the costs of such services exceeding the ability of individual clients to purchase such services and more a matter of spreading the liability over sufficient periods of time, and pooling risks over sufficiently large pools of insured persons (Diamond, Gruenberg & Morris, 1983). The former strategy in the immediate post- World War II years made homeowners out of millions who were, by the standards of the day “too poor” to afford home ownership, and the latter approach to protecting individuals from risks, for example, is basic to automobile, accident, fire and theft insurance.

In some cases, such possibilities are almost commonsensical: With preparation and forethought, employers in large urban areas could routinely offer comprehensive packages to insure their employees against such threats as mugging, rape, child and adult day care, as well as intermediate and long-term care with counseling services for substance abuse, domestic violence, depression and other conditions included for those affected. The case for insurance against such risks – whether initially for-profit or social insurance – is at least as strong as the case for publicly supported services in the case of those services that have already been proven viable.

The general thrust of the needed institutions – insurance coverages and “occupational and fiscal welfare” in Titmuss’s phrase – are already widely recognized and understood. It remains only to extend them to personal care settings – a task that may prove considerably easier than securing adequate, reliable public funding for such services. It is curious indeed that so many Americans have adequate protection against rare tropic diseases and poisonous spider bites, but little or no protection against the financial or personal implications of being abused, depressed, or having their family dynamics torn apart by the need to care for a parent or spouse with dementia or a developmentally challenged child, or coping with the impending death of themselves or a significant other or other such commonplace life events toward which personal care services are directed.

Fourth, it is important to recognize the attractiveness of the relationship between auspices, scale, scope and effectiveness in personal care services. Large scale, corporate service delivery is, in most instances noticeably more humane or reasonable than public bureaucratic handling of the same services. Without anyone’s explicitly acknowledging this dynamic, much of the critique of contemporary business practices is implicitly directed at service industries – banks, insurance companies, credit card vendors, and others. Generally speaking, most of us prefer some level of intimacy, confidentiality and personal attention in commercial personal services – whether from our butcher, insurance agent, lawyer, dentist or therapist. While some service enterprises today have been vertically integrated into gargantuan national and international corporations, the economic necessity of such integration is anything but clear-cut. Personal care services will

probably continue to be most effectively handled as small-scale operations for some time to come.

In particular for those service enterprises where tangible goods are not a critical factor of production – where centralized purchasing and warehousing may be advantageous it seems likely that small is, indeed beautiful as well as efficient and effective under conditions where people matter (Schumacher, 1973). In such cases, small scale, “shop” forms of organization, such as those found in printing, barber and beautician shops, dental offices and many other personal service industries may be the best and most effective form of organization for personal care.

Fifth, an additional critical area of concern for the potential commercialization of personal care services would be a period of experimentation with various forms of economic organization. Possibly franchising may be a legitimate form of economic integration in cases where standardized service packages can be organized and protected and national advertising campaigns may prove effective. Despite the prominent role of multi-national corporations in the national consciousness, the American economy actually encompasses a wondrously complex array of economic organizations beyond the business (or C) corporation, nonprofit agency and government bureau – a configuration some people are labeling the three sectors. Many social workers engaged in private practice may already be familiar with LLCs and other forms of professional incorporation, partnerships, family corporations, and even in some cases, publicly held corporations. Other possible forms of economic organization, including Employee Stock Option Plans (ESOPs) and Community-Employee Owned Firms (COEF), have been undertaken in declining industrial communities and might be extended to service firms as well as “limited dividend” corporations, B corporations, “social enterprises”, trusts, and nonprofits other than tax-deductible 501(c)3’s.

Henry Hansmann recently suggested that the cooperative – long a stable form of enterprise in agricultural service industries – may pose a viable alternative to nonprofit organizations (Hansmann, 1980; Hansmann, 1981). Nonprofit social services in Pennsylvania have already begun to experiment with profit-making subsidiaries as a basis for creating self-financing service enterprises, although reports of such activity in both the Philadelphia and Pittsburgh areas have yet to make it into the published human services literature. Likewise, commercial food service vendors, already experienced in meal preparation and delivery on college campuses, are in some instances also experimenting with provision of meal services to older people. One Area Agency on Aging in West Virginia recently let a sub-contract for nutrition services for the elderly in a seven county remote rural area to a commercial vendor already providing food service management in several colleges in the area. Limited profit contracts, management services and other similar financial arrangements may also be applicable to the personal care services settings. Without some experimentation, however, we are unlikely to ever discover whether such arrangements are feasible and which may be not applicable.

Finally it is important to examine the employment and training implications of the commercialization of personal care services very carefully. In an age of chronically high unemployment it is conceivable that personal care services could be a major new source of employment. Until quite recently, social work has been predominantly a small profession of graduate-level practitioners within a much larger sea of para-professional, and untrained service providers of human services. However, the anathema of the profession has proven a weak sanction to keep non-professionals out of personal care and other human services and a more defensible role for the profession would be in defining and standardizing service routines for less skilled but experienced and sometimes highly (on the job) trained workers many of whom have proven to be highly adept at outreach, some forms of group work, information and referral, as well as many types of “people processing” tasks (Hasenfeld & English, 1974). The sheer size of the populations in need of personal care services in the future makes employment in this area a large potential economic force of major proportions, on par with some of America’s largest industries. And, the labor intensive character of most personal care services makes them a major element in employment planning considerations.

It is important to note that this is not a neo-conservative manifesto, but rather a pragmatic effort to assess a reasonable alternative to the personal care service state. In order to balance some of the previous arguments made for commercialization earlier in this chapter there are two points at which a commercialization approach is particularly vulnerable: the provision of services to the poor and the issue of adequate regulation. In addition to their intrinsically problematic natures, both of these are particular targets of political conservatives in the current era.

Commercialization of personal care services, on its own, leaves completely unsettled the problems of poverty. Poor people who cannot presently purchase services from nonprofit and public vendors will have no reason to be more able to purchase them from commercial vendors. However, it is easy to overstate the proportions of this issue in the case of personal care services. To a far greater degree than in the past, personal care problems are not restricted to low income persons. Problems of aging, abuse, cancer, substance abuse and assorted chronic conditions are widely distributed across the entire population. Nevertheless, for that portion of the population who are poor, the only adequate solution rests with adequate income maintenance. Unfortunately, the best chance of satisfactory solution to that problem came and went in the “guaranteed annual income” proposals during the first Nixon Administration (1969-1972). The current neo-conservatism of the Reagan years makes the prospect of any return to those possibilities unlikely for the foreseeable future.

Commercialization will also predictably enhance or dramatize the problems of quality control and regulation that already plague the personal care services. The nursing home industry offers an enlightening – and sobering – case example of this issue. It is altogether too easy, however, to conclude that private ownership and the

profit motive are at fault. Such a conclusion vastly oversimplifies a complex regulatory situation and completely ignores the comparable problems of abuse, neglect, violence, exploitation, dehumanization and overall poor service quality in public and voluntary institutions for the mentally retarded, mentally ill and dependent children, as well as public prisons.

It would be seriously shortsighted to reject the alternative of commercialization of personal care services on the basis of these to objection. It might be far wiser to consider them necessary conditions of any adequate solution. Increases in income maintenance support or the poor to reflect a “basic minimum for certain types of personal care would, for example, almost certainly be less expensive than any program to provide publicly supported personal care services to all (including the poor) who are in need, regardless of income. Likewise, regulation of personal care services should be no more controversial than public regulation of weights and measures or the purity of dairy products have proven to be even in the present conservative era. It would be almost nonsensical for even the farthest reaches of the New Right to claim that alleged rights of free enterprise and profit extend to the right to sell spoiled milk. Likewise, they cannot currently suggest that the individual rights of (male) abusers extend to cover physical violence against female and child victims without exposing themselves to the accusation that Profit is then set up as a higher good even than personal freedom.

Conclusion

It is clear that the welfare state, however, important it has been in pioneering certain programs and principles, has proven to be an inadequate vehicle for adequate support for necessary personal care services. Further, as long as key U.S. publics continue to favor low rates of federal taxation and limited national government, it is inconceivable that adequate public financing of personal care services can be worked out. It is therefore both necessary and desirable that social welfare leaders concerned with personal care services begin to seriously consider alternative forms of support for such services. Reliance on voluntary fundraising, however acceptable with present day conservatives or popular with voters will only be acceptable if new and more effective ways of overcoming the limits of such fundraising can be discovered.

For many personal care services commercialization on a small scale basis (referred to above as a “shop” organization) may prove to be a realistic basis for financing needed services. If such commercial services are to prove effective, however, a range of new and supportive financial and regulatory institutions also need to be discovered and developed. The proposals set forth in this paper should not be read as a blueprint for action, but rather as the preamble of much needed discussion.

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