

New Configurations of Work Relations and Their Impacts on Work, Employment, and Collective Action

The Case of Daycare Services in Quebec:
Toward a Hierarchical Network Firm Logic.

Summary

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Overview of the project and our research strategy

It is increasingly noticeable that contemporary work is no longer taking part inside the traditional employment relationship between an employer and employees, but within new organizational configurations like subcontracting, interim appointments (obtained through an employment agency) and self-employment. These organizational configurations place workers (employees or self-employed) in contact with various entities that influence their working and employment conditions without necessarily endorsing the legal status of an employer, and effectively upsets the employment relationship by making it more complex to control workers.

To understand contemporary work and employment relations, it seems necessary to shift the analysis from the firm level to that of the value chain, conceived as a “social system”, in order to take into account the nature of relationships between firms, and also between the firms and the different types of workforce they put into contact. The general objective of this research project is to understand, from a historical and comparative perspective, how these new configurations operate, and their impacts on work, employment and the capacity of the various actors to take collective action.

The research strategy that was chosen is that of the multiple-case study (Yin, 1989; Eisenhardt, 1989). Four sectors distinguished by the nature and strategy of the pivot firm and by the degree of qualification of the workers concerned, are targeted for analysis, namely: ICT business services, childcare services, transportation and food processing.

For each of these sectors, a synchronic (current configurations) and diachronic (their development over the last ten years) case study of a pivotal company, its subcontractors, agency workers and independent workers was carried out. Due to the current context of globalization, subcontracting chains are spreading to multiple countries; the case studies on transportation equipment and food processing will thus focus on a multinational firm simultaneously present in Canada, France and Mexico (comparative case-study on these 3 countries).

Summary

Introduction

Understanding work organization and conditions in the child care services is only possible if we contextualize this study within the network of daycare services, which include a multitude of actors, from the Ministry of Family (MF) to the person who operates an unlicensed family home daycare. According to an historical analysis of that network, a hierarchical configuration has developed, in which the MF has gradually influenced the evolution of the network’s member organizations, their mode of operation, and the terms of employment and working conditions of workers. This research is based on an exhaustive literature review, as well as 23 semi-structured interviews conducted with various national actors and with actors from two specific areas: Montreal and Outaouais.

Daycare services policy

In Quebec, daycare services have gone through a long evolution. In 1997, following struggles that gathered together unions, feminist groups, and parent groups, the government implemented a new policy for daycare services and put considerable sums into those services. We then saw the expansion of a network of early childhood centers (centres de la petite enfance, CPEs) and licensed home childcare providers (LHCP), quickly followed by the emergence of private daycare enterprises. Between 2008 and 2010, Quebec decided to increase tax credits for childcare costs, and, as a result, the costs of non-subsidized private daycare spaces (depending on family income) were brought closer to those of subsidized reduced-contribution daycare spaces. A huge increase in spaces in private and family home daycares ensued (Table 1). Indeed, the proportion of the non-subsidized private sector went from 1.4% of all daycare spaces in 2005, to 34.4% in 2018. In the same years, however, CPE spaces dropped from 34.6% to 26.7%. Considering that CPEs are considered to be organizations that offer better employment and working conditions, it is clear that the State’s policy has greatly contributed to the worsening of those conditions. Since 2014, the State has also made significant budget cuts to subsidized daycare services. But despite all this, parents continue to favour CPEs.

Table 1. Development of spaces depending on types of daycare services

	CPE	Subsidized private daycare	Subsidized family home daycare	Non-subsidized private daycare	Non-subsidized family home daycare	Total
2005	63,339	30,131	87,192	2,457	n.d.	183,119
2018	95,327	46,997	91,604	67,246	55,279 ¹ (2017)	356,453

All daycare services feel threatened by the government’s willingness to implement “junior kindergarten (age 4).” They fear a significant decline in the enrollment of 4 years-old children and, therefore, a drop in profitability. Some also fear insolvency, especially non-subsidized daycares already struggling to reach the enrollment level

¹ In 2017, the MF estimated that there were 13,820 unlicensed people and 55,279 children in their care.

authorized by their license, and non-subsidized family home daycares. In November 2019, the government announced the end of rate modulation; enrollment levels in non-subsidized daycare services are thus expected to decrease. In order to compensate for some of that decrease, the State will grant 3,000 reduced rate spaces to certain private daycares that will thence become subsidized.

The network of daycare services

At the local level, the network consists of five types of daycare services (Table 1), if illegal daycares and at-home parental childcare are excluded. At the regional level, there are associations of CPEs and private daycares (formal or informal), coordinating offices for subsidized family home daycares, employment agencies for daycare staff, for-profit and not-for-profit organizations who offer education, legal, management, etc. services, as well as CEGEPs who offer DCSs (Diploma of Collegial Studies) and ACSs (Attestation of Collegial Studies) in Early Childhood Education. At the national level, the principal actors are the MF, the Treasury Board (collective bargaining), provincial associations of various daycare services (for instance, the Quebec Association of CPEs, the Quebec Association of Private Daycares, the Resources for unlicensed HCPs that are recognized by parents, etc.), and federations of unions.

There is at least one provincial association for each type of daycare services. These associations aim to enable their members' professional and managerial development, and to protect their interest vis-à-vis the MF. In this case, associations often join unions, and are part of various boards created by the MF on issues such as regulations, budgetary rules, guidance on daycare services policy, etc., in order to influence public policies.

Toward a hierarchical network firm

The network, on one hand, and a few CPEs, on the other hand, have both been growing increasingly hierarchical. Although the State is funding a larger share of daycare services, government regulations, guidelines, and the requirements for accountability and monitoring daycare services are equally growing. Relationships between the various actors involved in daycare services are thus increasingly transforming into those found in a hierarchical network firm.

Practices are changing in three ways. 1- Each of the daycare services network associations has had issues with building alliances that could influence the MF's decisions; 2- According to most of the actors that we interviewed, the MF considers less than before their opinions when making decisions; 3- The MF has been increasingly limiting the autonomy of national, regional, and local actors by designing constraining regulations and budgetary rules. The MF has also ceased to finance associations of CPEs and of private child care enterprises directly, so that both their mobilizing capacity and their ability to contribute to professional development (by creating training opportunities and specific managerial tools) have been reduced. Given the situation, the AQCPE and regional associations find themselves competing to attract early childhood educators to their training programs or other services that they have designed, which contributes to a weakening solidarity inside the CPE network. Nevertheless, on November 9, 2014, more than 50,000 people gathered together in a dozen cities in Quebec to protect daycare services.

The entire subsidized sector has also become increasingly hierarchized. Indeed, a significant reduction in their budgetary autonomy following budget cuts since 2014, the definition of financing rules so specific that the MF has been able to implement, in most daycares, “just-in-time” management practices for children and employees, and, finally, the creation of specific, time-varying financing programs (renovations, toys and books purchases, etc.) that daycares previously used to finance themselves through their budgetary envelope, have all made that trend toward a hierarchized system manifest.

Several CPEs are operating with an increasingly hierarchized system; there has indeed been a decline in co-management, a toughening of the employer’s stance at the bargaining table, demands from several CPEs to lower the number of employees required to sit on boards of directors, and an increase in the pay gap between directors and early childhood educators. Due to the significant expansion of private daycares, especially in the non-subsidized sector, there is, in turn, a systemic tendency to extend hierarchized management practices. Private daycares are indeed under no obligation to open a board of directors to parents and employees (though they do have a parents’ committee), and are seldom unionized.

Employment agencies (linked to the CPE sector or that are private firms) mainly provide temporary replacements. There are three reasons why staff placement is a small market within daycare services. First, the rate that agencies charge only leads to minimal (if any) savings for daycares. Next, placement services rarely have qualified educators and cooks available, the type of staff most requested, as well as in the MF rendering of accounts which has been modified, and this makes placement services expensive. As one of our respondents put it:

“ ... We used to be able to deal with agencies without any repercussions; on the contrary, the number of unqualified educators that we employed did not appear [in our report] when we used an agency. These days, this is not at all the case, so we are penalized for using an agency”.

Establishing employment and working conditions

When it comes to negotiating their working conditions, nearly 50% of early childhood educators working in CPEs, 100% of LHCPs, and 1% of educators working in subsidized private daycares are entitled to collective representation. As far as non-unionized daycares are concerned, working conditions are set by resource management policies, verbal agreements, or individual contracts. Working conditions in non-unionized CPEs are often similar to those in unionized environments. In the case of directors (D) and vice-directors (VD), however, the MF – in agreement with CPE representatives – has established a pay grid, which is regularly indexed. This grid is used as a reference to determine the level of subsidies that should be allocated to finance labour costs. The grid thus serves as a basis for discussion in non-unionized CPEs. According to the 2017 pay grid a D could expect to earn between \$58,538 and \$78,050 annually.

Collective bargaining is done differently in CPEs and for LHCPs. In the case of LHCPs, the MF is the employer, with representatives of patronal associations, with which unions negotiate collective agreements at the provincial level. As for CPEs, the overall regime of the Labour Code applies. Determining beforehand how the bargaining will occur has become a growing challenge. In 2015, for instance, a legal difficulty in the

Montreal/Laval area as regards the respective roles of employers' associations, the MF, and unions, led to negotiations being delayed by nearly two years.

In the case of LHCPs, all parties must negotiate the following elements: remuneration; terms and conditions of leave; financial compensation for paid leave under Quebec's Labour Standards Act and National Holiday Act, and for contributions paid under the parental insurance plan; contributions to the Quebec Pension Plan; health insurance; an arbitration procedure in the event of disagreements on interpretation or application of a collective agreement; the creation of committees that will establish the terms under which programs will be implemented.

Employment conditions

According to the MF (2019, p. 14), as of March 31 2016, there were 35,048 employees in daycare centres. There were 21,038 early childhood educators in CPEs. As for family home daycares, in 2016, there were 14,759 subsidized LHCPs, and 13,820 non-subsidized HCPs. In 2019, 8,000 subsidized childcare spaces were still available, which illustrates how risky it is to run a daycare as a business venture (MFE, 2019. Actualité, 20 February). Despite the fact that LHCPs assistants are not included in this study, we will briefly mention that they have few qualification requirements to meet (twelve hours of training), are usually paid minimum wage, often work part-time, are not covered by collective insurances, and are not unionized. When a LHCP does have an assistant, the assistant will be the first to feel the effects of the LHCP's income fluctuation. Sometimes, the assistant is an immediate family member of the LHCP, and he is often his spouse.

In CPEs, 84,9% of educators are qualified. In subsidized daycares, this percentage drops to 75,9%, and it further drops to 48,9% in non-subsidized daycares (MF, 2019, p. 69). 83,2% of CPE educators have a permanent position, compared with 92,6% in subsidized daycares and 93,1% in non-subsidized daycares (MF, 2019, p. 78). "The staff in CPEs (11.5 years) and in CPE coordinating offices (CPE-BCs; 10,1 years) accumulate more years of continued service [with the same employer] than the staff in coordinating offices (BCs; 7.4 years), subsidized daycares (7,2 years), and non-subsidized daycares (2.9 years)" (MF, 2019, p. 76).

Low seniority levels in the private sector are attributable to voluntary redundancy – as educators choose to leave for CPEs or family home daycares – not to job insecurity. According to a study conducted by the MF, in six geographical areas, CPEs have had difficulty recruiting qualified educators and meeting the prescribed ratio of 2/3 qualified educators. Early childhood educators tend to leave their position in non-subsidized daycares as soon as they are offered a job in a CPE. They thus follow the same path as children. Indeed, the main cause for the departure of children (except when they are starting school) is the offer of a space in a subsidized daycare. In fact, 90% of non-subsidized daycare owners would rather offer reduced-contribution spaces (MFE, 2014, p. 42).

However, increased competition from non-subsidized environments and private daycares incite CPE directors to adopt the practices of the private sector; they thus adopt a new marketing strategy, work on branding, and create special programs in hopes of enticing parents.

Due to budget cuts, it has become risky for subsidized daycares to hire specialized educators, or even to secure a one-year contract for them. They can no longer take on the risk of financing those positions off the accumulated surplus. This service is thus now primarily financed by subsidies for special needs children.

As for subsidized family home daycares, they usually have only one educator who must have completed, at the very least, a training course of at least 45 hours on security, health, nutrition, child development, and the educational program. According to our interviews, educators had a great variety of training: from a High School diploma to a Master's degree in Project Management, and in non-recognized HCPs who hold an ACS or a DCS in Early Childhood Education. Because daycares have had difficulty filling all the spaces available under their license, many HCPs have opted for early retirement (Interview 4). In 2014/2015, the occupation rate in subsidized family home daycares was 86%, which means that LHCPs' revenues were reduced in equal measure.

In urban centers, and especially in Montreal, a large number of HCPs and agency workers are of Maghreb origin. According to the educators and BC directors that we met, there are several reasons for this. First, it is difficult for them to have their foreign diplomas recognized in Quebec (several hold a university degree). Next, North African women often have a network of personal Maghreb relations and some knowledge of Quebec, and thus already know how to become HCPs before they even immigrate. Finally, the status of HCPs in Quebec is considered more rewarding than the status of nanny in their home country.

Working conditions

Here we outline some of the working conditions that illustrate the general tendency. As far as the staff is concerned, their task has become heavier and they sense that their professional expertise is being acknowledged less than before. Several experienced educators are also under the impression that they have taken a "step backwards" – that is, that they are back in the 1970s or 1980s. Overall, there is now less time during which their workload is alleviated (last-minute scheduling according to the movement of the children), there is a reduction in paid time for the weekly preparation of educational activities (or they are expected to do this during the children's nap), and their workload has been made heavier by the greater number (than before the 2010s) of "special needs" children (ADHDs, disabled, etc.), coupled with inadequate support in special education for both educators and directors. According to the FSSS-CSN, from 2015-2016 to 2016-2017, there has been a 63% hike in benefit payments for disability to daycare employees; payments thus went from 8 to 13 million dollars. Daycare directors have also seen their workload become much heavier, following increased accountability requirements from the MF, a change in financing – which increasingly puts forward specific funding programs that require filling out elaborate request forms – and following job cuts for assistants to the director. And after all this, some end up with a total compensation that is inferior to what directors used to get just a few years ago.

Broadly, then, we can say that the work and employment conditions of Quebec daycare educators have deteriorated. Indeed, over the past few years, the fastest growing sector has been the private daycare sector; however, the working conditions it offers are inferior, especially in non-subsidized private daycares (MF). Private

daycares are not required to abide by the salary scale established by the MF. The situation in subsidized private daycares may be slowly changing, for the MF's budgetary rules penalize daycares that do not conform to a standard of 64 % qualified educators. However, given the existing shortage of qualified educators, subsidized private daycares should be prompted to offer working conditions similar to those of CPEs.

As for non-subsidized private and family home daycares, a significant proportion of the staff is not covered for social risks. Moreover, parents sometimes leave non-subsidized private daycares without paying outstanding debts.

Job autonomy

There is job autonomy when educators can combine various pedagogical approaches and programs, and when, in unionized environments, there are important provisions in the collective agreement that enhance it (Montreal CSN). Article 5 stipulates that there should always be at least one employee sitting on a CPE's Board of Directors, and that when a CPE creates a work committee for a specific project, unionized employees should be able to delegate as much as 50% to the members, with no loss in pay. This clause raises the notion of work team. Work teams are defined as follows: "[The role of] all CPE employees and of the management personnel is to organize joint activities for several groups of children, to agree on pedagogical approaches, to make decisions on timetable distribution (according to seniority) and on the assignment of children's groups, to agree on paid hours distribution for educational support, to determine training procedures for unionized staff, etc. All decisions are made by consensus or by majority vote, in compliance with the board and the collective agreement. Job autonomy is also reflected in the co-management of both recruitment procedures and acquisition of tenure, for favourable recommendation to the Board of Directors.

In the private daycares that we visited, educators are consulted in order to help management recruit personnel, and to evaluate new hires. These daycares offer the same variety of pedagogical approaches as other types of daycares ((MF, 2018b, p. 50).

As for LHCPs, the collective agreement stipulates that she should recruit and select her assistant, her replacement, and her customer base herself. Her job autonomy is greatly limited; therefore, due to the rate modulation for subsidized daycare services and the significant increase in provincial tax credits for daycare services, some LHCPs tend to leave the subsidized sector to open a non-subsidized daycare. Since Bill 143 was passed in 2017, however, those already non-recognized DDSs have been subjected to new constraints. Indeed, only one physical individual may offer such service, without a third-party intermediary, and they cannot be replaced – even in cases of short-term absences.

Training

Due to budget cuts, as well as the overwhelming recourse to the Attestation of Collegial Studies (ACS) stream – which is used to recruit educators – there has been a decrease in continuing education opportunities. According to educators who hold a DSC and to several daycare directors, an ACS does not translate into the same skill-set as a DSC.

In 2016, however, the ACS was the most common degree of the daycare sector in Quebec as a whole (MF, 2019, p. 82-84). In 2016 again, whether educators held an ACS or a DSC, 84,9% of CPEs complied with the 2/3 qualified educators standard; that percentage fell to 75,1 for subsidized daycares, and 48,1 for non-subsidized daycares (MF, 2019, p. 78).

According to the CSN Montreal-Laval 2012-2015 collective agreement, one employee per CPE can go on training or professional development leave without pay for a maximum of two years; over that period, she continues to accumulate seniority, and can continue to contribute to health insurance schemes and pension plans. When the employer requires training, they cover all costs and continue to pay the employee. CPEs train their staff twice as much as private daycares on healthy eating, active play, and motor development.

According to a union representative, the Letter of agreement, concluded between the MF and the federation representing the LHCPs, will encourage LHCPs to get training, through an ACS, for instance. This letter of agreement has a \$2M fund per year.

As for non-recognized and non-subsidized HCP, no training is required, except in first aid. However, according to a survey conducted by a Facebook daycare advocacy group, to which 963 respondents contributed (it is impossible to determine whether those respondents are representative of all HCP), 24% hold either an ACS or a DSC in childhood education, and a further 29.4% claim that they have undergone the 45-hour childhood training required to become a HCP.

Remuneration

In 2017, the entry-level salary of qualified and unionized CPE educators was \$18.16, and their end of range salary (after ten years of service) was \$24.08.

As for LHCPs, their remuneration is established at entry level of a non-qualified CPE educator, no matter their training or years of experience. According to a LHCP, in 2017, the gross salary of DDSs was around \$45,000 per year. She estimated her financial expenditures to be 20%, that is, \$9,000. Her net salary was therefore \$36,000. It is not clear what the share of income deduction is for her house as per occupied square feet, electricity, etc. She must pay the employee and employer's share to the QPP.

Because non-recognized HCP are not subsidized, those spaces and services are charged to parents. A number of HCPs are sometimes faced with parents who leave their daycare without paying the balance owed, which is never the case for LHCPs, for the BC will pay the subsidy for the days on which the child is present. In fact, their location greatly influences their rate and their ability to negotiate with parents. If there is a shortage of childcare spaces in their neighbourhood, they will be in a better negotiating position; in 2017, for instance, a space cost \$35 per child per day instead of \$25.

According to a survey conducted by the MF among non-subsidized daycare owners, the latter are unable to offer competitive salaries (equivalent to subsidized daycare salaries), and cannot offer insurance and pension plans, or other similar plans (MFE, 2014, p. 4 and 22).

Other working conditions

We observe similar tendencies in working conditions as a whole. For example, as far as vacations are concerned:

With regard to the educators, 96.6% of CPEs indicated that their working conditions stipulate four weeks of vacations. This is the case in 100% of CPE-BCs, but it is far less common in subsidized (32.6%) and non-subsidized daycares (28.3%). We must also stress the fact that in order to get four weeks of vacation, one needs a greater number of years of continuous service in subsidized (9.8 years) and non-subsidized daycares (7.5 years) than in the other daycare services (5.4 and 5.5 years) (MF, 2018b, p. 67).

All employees of CPEs and subsidized daycares, whether they are unionized or not, are covered by the pension plan, since the MF finances the employer's contribution. However, only 9% of non-subsidized private daycares offer pension and group insurance plans (MFE, 2014, p.22). Employers are under no obligation to offer either health or parental insurance plans (MF, 2018c, p. 45).

As for non-recognized HCPs daycares, they must negotiate the payment of vacations and holidays directly with parents, who sometimes refuse to pay.

Conclusion and challenges of the daycare sector

The MF, through negotiation with unions, is directly responsible for defining the working and employment conditions of daycare workers. The MF also deepens its impact by ensuring the application of financing regulations. These regulations make it possible for the MF to have a significant influence on redefining both work schedules and the employment status of daycare employees and directors. In the case of LHCPs, we can see the influence of the MF with the inclusion, in the 2015 agreement, of a joint MF-BC-unions committee, which will try to standardize the BCs' role as inspector of the LHCPs' work, in order to reduce the differences in application of the LHCPs' work regulations. As for non-recognized HCPs, the State has held an ambiguous position: tolerating the expansion of that subsector, and later, it first tried to stop the expansion with Bill 143; but daycares would have had to close down, since they would only have had space for four children, which would not be profitable. The State then switched to overseeing those daycares (minimum training requirements, criminal record checks, etc.). Following the announcement, on 8 November 2019, of a return to a subsidized single rate for CPEs and LHCPs, there may be a renewed business risk for non-subsidized private daycares and HCPs.

Despite the high union coverage rate, working conditions remain precarious in the daycare sector. This is due to the massive development of spaces in non-subsidized daycares, where there is little to no protection against social risks (illness, retirement). According to the majority of our respondents, the daycare sector has become far less attractive, owing to the stagnation of working conditions and low salaries, combined with a sense of decline in professional recognition (reduction in training opportunities, cuts in the time allocated for pedagogical preparation, decline in enrollment to the DSC stream, but major increase in the ACS training stream). As a result, it is becoming more difficult to recruit qualified educators.

Still, according to our respondents, given the upcoming massive retirements and the “young” pension plan, funding problems will erupt. There will also be continuing tensions when employer associations and daycare directors, from the ranks of management schools (and no longer so much from the ranks of educators), try to challenge participatory management.

Some daycare directors fear that the MF will continue to further tighten its grip on subsidized daycares, and that these will end up being placed under a centralized authority, as in the case of local community service centres (CLSC). As one director put it,

“the Ministry is standardizing everything with its regulations; [soon] there won’t be any differences left between private daycares and CPEs”.