




## Welfare Sectors

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## The Role of State in Social Division of Welfare

- Social division intended to explain the channels through which redistribution might take place
- The state is central to the organisation and delivery of welfare
- State establishes a framework for the formal organisation of welfare
- Conscious decisions can be taken by state to change or maintain the direction of welfare policy across a whole society


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## Limitations of State

- There are limits to the authority of any state; the political process requires a degree of negotiation between parties, and compliance is not necessarily assured
- The state is not necessarily the sole, or even the main, provider of welfare services; there are many other routes through which welfare is provided

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## Types of Social Division of Welfare

Titmuss referred to a 'social division of welfare', including three types of welfare:

- Social Welfare: which represented the traditional 'social services'
- Fiscal Welfare: which was distributed through the tax system
- Occupational Welfare: distributed by industry as part of employment

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## Distribution of Welfare Services

- There are four main sectors through which welfare is provided:
  - ✓ Public Sector
  - ✓ Private Sector
  - ✓ Voluntary Sector
  - ✓ Informal Sector

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## The Role of the Public Sector

- The public sector is financed and managed by the state
- The public sector has come to dominate social policy in welfare states
- Provision of residual welfare – a safety net, for people who are unable to deal with the contingencies in other ways.
- Provider of last resort


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## Debate Question

- Whether the public sector is the best or most appropriate medium through which such policies might be achieved?
- The arguments are strongest in three cases:
  - ✓ where there are minimum universal standards to maintain
  - ✓ Where there are elements of control being exercised by the service
  - ✓ where there are social objectives to be met, and there are substantial economies of scale or effort in meeting them through


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## Contradictory Pressures

- frugality and the reduction of waste,
- rectitude, fairness and legitimacy
- emphasising resilience, robustness and security.


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## The Private Sector

- Beyond commercial provision, where commodities are exchanged for money, the private sector engages in social welfare provision through:
  - ✓ Occupational welfare
  - ✓ Delegated welfare activity
  - ✓ Engagement in policy-making
  - ✓ CSR

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## The Voluntary Sector

- The voluntary sector – sometimes called the ‘third sector’ – is extremely diverse, ranging from small local societies to large, very ‘professional’ agencies.
- It covers a wide range of different types of activity, typically focused on health, social services, housing and community development, environmental, cultural and international aid agencies.
- Mutual aid: the class of services which are based on mutual aid or solidarity


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## The Informal Sector

- The ‘informal sector’ consists of communities, friends, neighbours and kin.
- The discharge of people from institutions and maintenance of individuals in the community has led to a greater emphasis on the role of carers.
- The experience of community care has been to stress the limitations of the state and the public sector
- The social costs to carers

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## Welfare Pluralism

- ‘welfare pluralism’, which is the provision of welfare services from many different sources.
- The state does not operate in isolation; rather, it acts in conjunction with a number of non-statutory organisations.
- In the days before ‘welfare states’, the state often had an active interest in regulation of non-statutory organisations.
- The idea of the ‘mixed economy of welfare’ emphasises the diversity of the provision of welfare in society.

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**The mixed economy of welfare**

**Table 12.1: The mixed economy of welfare**

	Public	Private	Provision	Actual and	Informal
Finance	Public social insurance pensions	Private insurance for people	Voluntary charitable pensions	State pension regimes	Family care
Private enterprise			Occupational welfare	Private pension schemes	Employer- financed welfare schemes
Changes to consumers	Residential care for elderly people	Private health care	Housing provision schemes	Building societies	Child- rearing
Activities (voluntary and charitable)	National insurance	Health insurance schemes	Union pension schemes		
Voluntary	Health insurance	Purchase of services by voluntary agencies	Religious and charitable agencies	Self-help groups	Family care

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**Logic: Welfare Pluralism ?**

- Diversity
- The welfare society : Titmuss argued that the voluntary sector also has an important social role; it allows people to be altruistic. We had to become not only a 'welfare state' but a 'welfare society'
- The recognition of reality

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**Reservation: Welfare Pluralism ?**

- Comprehensiveness
- Equity and social justice

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**Governance: Partnership & Agency**

Co-ordination and partnership

- co-operative strategies
- incentive strategies
- authoritative strategies

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**Goals of Coordination**


- 'Synergy' – the added value that comes when a partnership can do something that individual partners cannot do separately
- 'Transformation', because partners learn new ways of working from their engagement
- Budget enlargement

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**Contracts for Public Service**

- Co-ordination, rests not on the willingness of people to co-operate, but in the functional differentiation of distinct organisations.
- Agency arrangements are based on a distinction between principal and agent.
- Policy is made by a decision-maker (the 'principal'), but the implementation of policy is based on a contract between the policy-making body and the organisation which carries it out (the agent).

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## Types of Contracts

- **Service contracts:** These are detailed specifications describing the process that will be undertaken.
- **Partnership contracts:** Purchasers and providers collaborate to design a mutual agreement.
- **Service agreements:** Providers are contracted to provide a service, rather than to conduct a specific process. This is commonly used with in-service units and long-standing voluntary organisations.
- **Informal agreements:** Arrangements are made between local managers for ad-hoc provision

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## Quasi-markets

- Since the 1980s there have been increasing attempts to bring the activities of public sector agencies into line with the behaviour of private sector organisations.
- Public services are not meant to operate like businesses, and if private sector firms are commissioned within a structure of delegated authority to operate public services, they cannot expect to operate like businesses either.

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