care and business orientations in the delivery of childcare: an exploratory study

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What is This?
ABSTRACT

Childcare policies introduced in England in the last 10 years have created economic tensions within the sector. Having set the scene, this article presents an exploration of the different ways in which childcare providers approach operating their childcare businesses. Drawing on a case study of one Local Authority in England, the article presents findings from qualitative interviews with a range of childcare providers, demonstrating that they can be classified as being business orientated, care orientated or having a combination of these two approaches. These orientations are largely determined by the provider's attitudes towards making money and the needs of the child. However, the geographical location where the childcare facility is located also interplays in determining how a provider operates and that, in particular, the deprivation status of an area can act as a constraint on the orientation adopted. The dominance of private providers in England makes the issue of business orientations pertinent, particularly as concerns around sustainable childcare have implications for the success of government policy.

KEYWORDS business, care, childcare, entrepreneurial

This article is an exploratory study of the different business orientations and strategies childcare providers adopt in their delivery of childcare. The study is based in England where there has been rapid policy development around childcare that has resulted in a number of concerns and tensions for the business operations of childcare providers. Childcare as a business sector is responsible for delivering a service that meets some key policy aims that centre on addressing...
child poverty and child well-being. Therefore, childcare is meeting policy goals as opposed to business ones. However, it is a sector that has a reputation for being unsustainable, creating the potential for undermining policy objectives. Further, the sector is the object for a drive for affordable childcare, which creates a clear tension with the concern for sustainability and business goals. This is further complicated by a commitment for flexible childcare. Therefore, more needs to be known about how childcare providers operate as a business so that greater support can be provided.

This article will present the policy context and evidence for the concern for sustainability, before going on to discuss the methods adopted, the issues identified by childcare providers, their coping strategies, the emergence of contrasting orientations to providing childcare and implications for the future development of childcare.

childcare policy in England and emerging tensions

Childcare policy in England was relatively underdeveloped until the 1990s (see Arneberg et al., 2000; Randall, 2000). The lack of state interest in childcare meant that historically it has been up to the private, voluntary and independent (PVI) sector to meet the growing demand for childcare. In the early 1990s, the Conservative Government introduced some tokenistic assistance towards the expansion of out-of-school childcare and the cost of childcare (see Ford, 1996; Randall, 2000). This support, however, was still predominantly dependent on the PVI sector resulting in a patchwork of provision across the country.

The demise of the Conservative Government and subsequent election of 'New' Labour in 1997 saw the publication of the Green Paper 'Meeting the Childcare Challenge' in 1998 and the development of the National Childcare Strategy (DFEE, 1998). The strategy aimed to address the affordability, accessibility and quality of childcare provision. In 2004, the Ten Year Plan (HM Treasury, 2004) built on this by adding choice and flexibility to the commitment towards childcare. The financial investment in childcare was aimed at meeting key policy objectives that ultimately centred on addressing child poverty and child well-being. The former of these was in relation to the role that childcare could play in supporting employment and how, in turn, employment could act as a route out of poverty (DFEE, 1998; HM Treasury, 2004). To make employment more financially viable the National Childcare Strategy invested in a system of tax credits that contributed towards the cost of childcare on a means-tested basis. In relation to child well-being, the strategy promoted that childcare assists in the social, cultural and psychological development of children (Dickens et al., 2005).
Both of these elements of the strategy were about boosting the demand for childcare, with a parallel stream of financial sources being made available to support the expansion of the childcare sector in anticipation of the rise in demand. The supply-side funding under the National Childcare Strategy aimed to stimulate markets; it has not been about the state directly providing childcare. The funding has been intended for PVI sector provision and has resulted in a mixed economy of childcare. This mixed economy includes a range in the types of provision: childminders, nurseries, full daycare providers, sessional providers and out of school providers; and a range in the management of provision: large private chains, small independent providers, committee management, limited companies and some maintained provision. Further, the mixed economy of childcare is also dependent on the area that providers establish themselves, as there are different levels of funding available depending on the area's economic status.

Despite the funding for the expansion of provision, there were growing concerns around the impacts of short-term funding not being sufficient for long-term financial stability (Stratham and Mooney, 2003). The anxiety around sustainability was evident in the introduction of the sustainability fund and Business Support Officers into Local Authorities. The Strategy Unit (2002) highlighted how sustainability was not only a problem for the sector, but could also hinder the success of the National Childcare Strategy. More recently, Penn (2007) has discussed data that shows how many providers are failing to meet minimum occupancy levels that enables them to be viable.

Concerns over sustainability provide evidence that aims to boost supply have not run in parallel with the expansion of childcare places. Further, the focus on sustainability creates a clear tension for the National Childcare Strategy in relation to the commitment for affordable childcare, as it is difficult to see how the two are mutually compatible. The commitment for flexibility in the strategy will also be shown to create a further tension for those who are providing childcare.

**possible explanations for sustainability issues**

Two areas explain sustainability fears in childcare: a lack of business skills in the sector and a fear that business principles will erode the caring nature of childcare.

Many of those who have established daycare have had the skills and a keen understanding of the need for a childcare service... However, they may not be experienced in dealing with financial planning and control, and this lack of experience causes problems in setting up and running a nursery, particularly in the first year. (Whittingham, 1994: 69)

Bourn (2004) stated ‘many existing providers fail to cover their costs and significantly lack understanding of their costs to judge their future viability’ (p. 7).
Costs that infringe on sustainability include training (Bourn, 2004), set-up costs, such as buying new equipment, wages and rent (Callender, 2000). However, if providers wish to improve their business knowledge, then there is a ‘catch 22’ situation, whereby they do not have the funds to access business training that in turn could help create the funds to access training.

Yet, Osgood (2004) found a lack of interest in business training due to a fear that business principles could erode care focused ones. In essence, providers did not want to ‘commodify’ the care of children. Care and business are regarded as incompatible and the adoption of one will be at the expense of the other. This draws on a more humanistic approach towards the delivery of childcare that is influenced by the practices of Reggio in Italy (see Goodfellow, 2005). This humanistic approach is in line with the National Childcare Strategy’s aims around child well-being.

However, there is a more economic side to the strategy that not only supports the role that childcare plays in supporting parents into employment, but also focuses on creating a more entrepreneurial childcare provider.

Overall the changes in the funding for childcare provision are asking providers to become more business-like in their approach to service design and delivery. (Harries et al., 2004: 78)

This business-like approach places more of an emphasis on childcare providers to decide how to design and market their services to make them sustainable, requiring commercial and marketing thinking.

Wilkinson (2002) believed the National Childcare Strategy was creating a new breed of more entrepreneurial providers ‘inspired by a belief in a social business and a desire to deliver sustainable childcare solutions’ (p. 28). Although Wilkinson acknowledges that the sector is still faced with problems (including its links to a more caring ethos), she nonetheless presents an overly optimistic view of these entrepreneurs. For example, she offers a case study of a childminder who offers out-of-hours childcare, filling a gap in provision for those parents working shifts at an airport, but does not acknowledge the implications that this has for the work–life balance of those working in childcare. Other examples merely exemplify the reliance on funding streams, as do her recommendations.

The economic approach to the delivery of childcare is in tension with the more humanistic approach. As discussed, there is a fear that one will be at the expense of the other resulting in an ‘either/or’ decision for providers in choosing how to deliver their childcare services. It is what Goodfellow (2005), in her exploration of grandparents’ views on childcare in Australia, refers to as the ‘childcare paradox’. The tension between care and economics is arguably created by the lack of publicly funded childcare and a reliance on the market approach. However, Sweden is increasingly facing the same problem as, despite publicly financed and managed childcare provision, the
sector is progressively expected to be more consumer-orientated (Dahlberg et al., 1999).

Osgood (2004) suggests that there are sector differences whereby private sector providers are more business-orientated. Cleveland et al. (2007) in their study of Canadian childcare distinguish between for-profit and not-for-profit providers, arguing that this determines the practices of providers and can have consequences for the quality of provision. Further, they explore that the level of provision in an area can influence practices. However, both Osgood and Cleveland et al. offer an overly simplistic categorization of providers as there are many other variables that can be taken into account.

There is no evidence to suggest that the care or business approach in delivering childcare will be ‘better’ either for child outcomes or the sustainability of a setting. Part of the difficulty in combining the two approaches in England is because of policy failures to reconcile the combining of the role of childcare in supporting employment and child outcomes (see Ball and Vincent, 2005).

Given the tensions identified in policy and existing literature, this study considers what are the economic tensions in the supply of childcare from the perspective of those in the sector and can they be resolved.

methods

The exploratory study involved interviews with a range of childcare providers in one Local Authority. The providers included: full daycare providers, childminders, out-of-school providers, early excellence centres (now children’s centres), preschool providers, those who were part of the Local Authority’s quality assurance scheme and those who offered a selection of the above. Thus, the type of provision varied considerably, enabling the study to go beyond others that have focused on one area of provision.

A single Local Authority was selected, in order to reduce geographical difference, including the development of childcare that had occurred prior to and post the National Childcare Strategy, as this has been shown to have an influence (see Dickens et al., 2005). Further, it would help to reduce the differences that occurred in the support that was available in the area from the relevant Local Authority department and any childcare charities operating in the area.

Providers were selected on a geographical basis within the Local Authority. Three wards that were classified as deprived by the Index of Multiple Deprivation were chosen, using an east, mid, west divide. A comparison ward was then selected in the east, mid and west based on a high penetration rate. Penetration rates are the total number of childcare places divided by the child population as calculated by the Local Authority. In addition, a rural ward and the most affluent ward in the Local Authority were selected. All providers in these wards were contacted and invited to participate in a research interview. A second wave of
interviews included extending the invitation to providers who were within two miles of the selected wards. Exceptions to this sampling were the early excellence centre (now children’s centre) and one workplace nursery, both of which were included to ensure a diverse range of providers in the study.

In total, 25 interviews took place with the managers of the childcare facilities (childminders were regarded as managers). All those who took part in interviews were informed of the intended outcomes of the research, their right to decline involvement in the project at any time and to not answer any questions that they did not feel comfortable with. Permission to record the interviews was obtained, with participants being given the option to have the recording stopped at any point. Respondents were also informed that the data would be anonymous, with only the economic status of the area in which they were in and the type of provision being detailed. Interviews lasted around an hour and were transcribed verbatim.

Interviews were coded by hand. This involved a two-stage process: first, coding ‘broad’ themes as identifiable in the interview topic guide, such as the history of their provision, staffing, quality, business operations, registration and issues relating to parents. The second stage looked in more detail at the themes and, in particular, considered those themes associated with operating a business as were identified by the participants. For example, staffing was broken down to consider access to training, funding training, managing work–life balance and wages, whilst business operations was broken down to look at setting fees (with some overlap with the issues relating to parents), collecting fees, administration, financial difficulties and coping strategies. The second stage also paid greater attention to looking at how managers chose to spend their own time within the setting (i.e. in the office or with the children). It was at the second stage that the typology of providers emerged.

After the classification of providers, additional data on the providers were collected and considered using both SPSS and Excel. Such data included Office for Standards in Education (Ofsted) reports and grading and Children’s Information Service data.

The article explores some of the areas of business operations raised by the childcare providers before going on to explore the different orientations towards providing childcare.

**staffing**

Staffing was raised by all providers that employed staff. The issues raised included finding adequate staff to recruit (with issues of age and gender being explored), training, work–life balance, retention and wages. Of these, training, work–life balance and wages will be considered as they had the greatest implication for economic business operations.
training staff

The cost of training was a significant financial consideration for many of the providers. Training was not seen as a threat to sustainability (as suggested by Bourn, 2004), rather the cost of training had to be carefully considered. All providers were committed to sending staff on training that they thought could contribute to the provision of childcare. However, difficulties in paying for training left many managers feeling concerned that both the setting and staff were missing out on opportunities. Some providers commented on having to select the course that they thought most worthy and then adopted a system whereby one member of staff would attend the training and then cascade the information to other staff. None of the providers discussed business training.

There was evidence that settings became more risk averse in respect of who they employed so that they could avoid having to pay too much on training new staff.

I mean now you find that there are a lot of people coming in and they are under qualified and they want you to pay for them to do their training. Which is ok, that's fine, but you can obviously only have so many people. (Full daycare, high penetration rate area)

Only one provider talked about making a conscious effort to try and make a profit so that there was money available for staff to go on training. Although there is funding available to support training, the views of the providers reflected that it was a cost they often felt they had to meet on their own. Reasons for this included not being aware that there was funding available and not being able to access funds.

work–life balance

Another staffing issue was work–life balance. Group settings found that they often had to ask staff to work extra, unpaid hours in order to meet all their needs, something that was also reported by Rolfe (2005). For example, one sessional provider discussed how they had morning and afternoon sessions and that many staff would stay at work for the hours between the sessions in order to do paperwork, prepare for the next session, etc. Yet, as no children were present, these were unpaid hours. The manager was conscious of and felt guilty about this and knew the only way to address the problem was by having one continuous provision, yet she could only do this if she knew there was a demand for such a service. This reflects the wider implications of sustainability on the working lives of those in the profession and the careful negotiations providers made in deciding the hours during which they provided childcare. Childminders were another group of providers who could identify that they often worked unpaid hours in order to complete their paperwork. Childminders who made a conscious
decision not to work five days a week found they used their days off to do paperwork and to prepare for the following day’s care.

wages

Concern over low wages in the sector has been long standing (for example, see Callender, 2000) and was something that the providers also identified, but felt could only be resolved by subsidies from the government or by putting up their fees. The concern with raising fees was that it could result in a loss of business, as parents would not be able to afford to use childcare. Many providers felt that parents did not appreciate the difficulties of managing the economic operations of childcare. It also indicates another balancing act that providers have to adopt.

finances

financial administration

The issue of paperwork has already been raised in relation to work–life balance, but it was evident that managers of settings adopted different approaches for completing paperwork and other administration-related tasks, such as Ofsted requirements and the accounts. Some chose to delegate tasks, still others had an inherited system of delegation, some had particular systems imposed on them and others made an active decision to focus more or less on the paperwork as a result of personal choice.

One setting chose to delegate the financial aspects of the setting to one particular member of staff. The rationale behind this was to ensure that one person was not burdened with all operational responsibilities. The financial manager discussed the difficulties faced in generating sufficient income, whilst also commenting that she was not a financial person.

Another setting had an inherited system of delegation, whereby it had a business manager who did not get involved in the day-to-day running of the setting. The advantage of this approach for those involved in the day-to-day operations of the setting was that it enabled them to develop a relationship with the parents that focused solely on the care aspect, thus preventing them from getting caught up in chasing late fees, etc. Many providers commented on the difficulties faced in developing a relationship that dealt with the financial operations and the social relationships with the parents and children. The example of these providers offers evidence of how some providers compartmentalize the different aspects of their childcare provision so that, for them, it did not create a conflict. Other settings chose to ‘buy-in’ accounting services as and when they were needed, allowing for a similar compartmentalization.
Three settings had external funders that led to the managers spending more time on and discussing an emphasis on the business operations. One of these providers had more specific circumstances: a workplace childcare setting. Places were subsidized on a sliding scale according to wages of employees and the setting had a budget set for each year. However, the setting still had accounts to manage and balance and the manager saw this as her priority. She, therefore, chose to concentrate her efforts in this area in order to ensure the childcare setting remained sustainable and so that it could continue to support working parents.

The other two settings that had external funding sources also had to prove their financial viability. Although both felt that their funders were supportive and were reportedly willing to accept some level of loss, the providers felt more constrained towards running a business rather than being able to spend all their time focused on caring for the children.

Obviously it is a business at the end of the day, but they [the funders] are fairly flexible and have been fairly understanding about that, ... we’re left pretty much alone and I know head office say I can get back-up if I need it, but at the moment everything's going fine. It's just when budgets come in and then it's a bit more ... [laughs] finding out where the money is, but it's not too bad really. (Full-daycare, high penetration rate area)

All three providers acknowledged a degree of pressure as a result of funders and ensuring the setting remained operational. The fact that two acknowledged having experienced some level of loss shows that even the desire to be financially motivated does not ensure success.

Amongst all those interviewed, providers can be split between those who made an active decision to focus on the business side of their operations to enable other staff to be distanced from this and those who did not want to spend their time on business matters. The former chose to spend time on paperwork and accounts instead of choosing to be actively involved in the day-to-day care of the setting.

A small number of providers tried to combine a focus on business and care with one childminder presenting an example of a coping strategy that she adopted in order to combine these two roles.

I have a diary for each child with an envelope in the back and I just put the bill in on a Friday and it comes back with a cheque in it for Monday. (Childminder, high penetration rate area – the provider then went on to discuss how it saved the 'embarrassment' of having to ask for fees)

A childminder does not have the option to delegate to other members of staff, thus, the above offers an example of how they compartmentalized the different aspects of childcare provision in other ways. What this demonstrates is that the compartmentalization of roles can be more explicit for some providers than others.
setting fees and competition

Providers had a number of ways of setting their fees, reflecting that they could be determined by the perceived affluence of the area they were in, what other providers were charging and their own outgoings. Providers adopted different approaches to the collection of fees: collecting at the beginning of a term, month or week or at the end of a week. Within this was also a mix of views as to whether to have policies on charging for late fees, with a number of providers adopting a penalty system in order to ensure that their fees were paid on time.

All providers were conscious that they were operating a business, even if they chose to emphasize the business operations in different ways. Evidence of knowing they were operating a business was that all identified with the idea of competition. A number of providers were looking at raising their fees and would question the best approach for this (e.g. one increase or gradual increase over time). However, a larger concern was ensuring competitive rates.

I mean, I think what's difficult is that you don't know whether other people do these things [referring to putting up fees]. (Preschool provider, high penetration rate area)

Setting competitive rates had problems in itself as fees should be set in accordance with a business plan, suggesting that providers were not competent in forward economic planning as identified by Bourn (2004). This is possibly explained by the added anxiety over the suspicion that providers had of each other acting as an inhibitor to economic planning. The suspicion is recognition of competition and, therefore, the idea that they were competing as a business, suggested some economic thinking.

Providers had little concern about the sustainability of others as they saw them as a source of competition. Although they did not like to see childcare settings close, as they feared that it could have been them, they did not mind taking children from other settings, as it increased their chances of being sustainable.

However, part of the fear of competition indicated inflexibility on the part of providers to consider being dynamic in the way in which they offered childcare. For example, in one of the areas being studied, a maintained nursery (a Local Authority run, early years education provision) was due to open and a number of the providers expressed concern that there was not enough demand in the area to warrant the opening of a new setting. None of the existing settings identified that the service that was going to be on offer from the maintained nursery (two and a half hours a day, term time only for each child that chose to go there) was a limited service, with the potential for the existing settings to provide a flexible, wraparound service.

Further, inflexibility was identified in the way in which many settings set their fees so that a parent would have to pay for a whole morning or whole
afternoon of care even if they were not using all of the hours of childcare on offer. For the providers, this was about ensuring they covered their costs. However, at least one provider identified that she thought they lost business due to this inflexibility, but she was reluctant to change her fees, possibly due to the influence of an external funder. Exceptions to this inflexibility were childminders, but as was identified earlier, they could work unpaid hours, highlighting the tension that is present for providers in setting and charging fees.

Another issue in adopting a more flexible approach was that it could make the collection of fees more difficult, as providers may not know what to charge parents for the period ahead. If providers are not able to adopt a flexible approach it has implications for policy commitments around flexible childcare.

**Provider typology**

From analysing the providers' approaches to different aspects of their business, a typology was created and each provider was placed in relation to a primary orientation towards: care, business or combination. The emphasis on the primary orientation is important as the typologies can be viewed as having a degree of overlap, as well as being dynamic and subject to change with time.

**Care**

Care providers were those providers who emphasized the care element of childcare, echoing the humanistic approach discussed earlier. This is not to say that other providers did not, but rather these providers emphasized this element of childcare over and above others. Identifiable attributes of these providers include that they entered and still worked in childcare to look after children and did not believe that childcare was a sector where large profits could be made. They would accept late fee payments and believed their time should be with the children and not in the office.

The welfare of the child was central to the ‘care’ providers and prioritized over the business side of being a childcare provider and they were clear that working in childcare was about care rather than making money.

I think nurseries get all caught up with the money. They need to remember that they are here for the children. (Full daycare, serves a deprived area)

Providers would see providing childcare as an extension of a caring role that they were already performing for their own children. The problem was that this raised a question as to whether childcare providers were going into childcare for personal convenience or for philanthropic reasons and the impact that this had on the sustainability of the setting.
The care approach to the delivery of childcare meant that many of these providers were more likely not to have business plans, to comment they struggled with business planning or to say they had faced financial difficulties in recent years. This relates to Whittingham’s (1994) view, discussed earlier, but it was not just those in the early stages of making provision that were facing these problems. An emphasis on a care approach appeared to make difficulties around finances more likely, although a larger scale project would be needed to confirm this. Other attributes with this group of providers meant that they were also more likely to struggle to find finances for training and were more likely to fear competition. Some care providers were able to adopt a care approach by having an external individual responsible for the business aspects of the setting. That reduced the potential for financial difficulties.

**business**

Childcare as a business is the concept of a service (the care of a child) being provided for a monetary transaction that allows the provider of the service to make a profit.\(^1\) All providers who charged for childcare fitted into this category but amongst those interviewed there was a group that was distinct, as they were determined to achieve a surplus and to operate a good business. Business providers were characterized by managers who chose to spend more time on paperwork and delegating the care role to other staff (either by choice or as a result of external constraints), they had tough policies on late fees and had a concern with profit margins. However, this was not to say that they found the business side easy, rather they chose to become more assertive about it.

> It is a business and you have to make money, but I don't like having to get money off people. That's the hardest bit of it. The paperwork I'm quite 'into' and the other bits of money I don't mind about but if someone doesn't pay me, I would be quite strict. (New childminder, deprived area)

The approach adopted by business providers could also be identified in their drive to make a profit in order to have money to invest in the setting.

> I mean, we do reinvest a lot of money making sure it works, rather than taking all the money out. (Full daycare provider, high penetration rate area)

The reinvestment in the setting could also mean investing in training. These providers were less likely to comment on struggles to meet training costs.

Interestingly, this group did not have the same fear of competition as the so-called care providers, possibly as a result of greater confidence in business planning. They were also less likely to comment on difficulties in recruiting staff as they felt they offered slightly higher wages than other local settings that helped aid the recruitment process.
Combination providers were those providers who reported that they chose to try and combine the care and business approaches identified above. These providers had often evolved from being care providers. Those providers who had progressed with time entered childcare with a caring ethos, choosing to enter it in order to care for their own children. In identifying others’ childcare needs, they progressed into identifying a business opportunity.

As you can see, it's run from my own home ... Initially, I started doing this as it fitted in so well with my own children who were so very young and they've now all grown up and have gone off and I'm still doing it. (Preschool, high penetration rate area. Started as a childminder and grew to a pre-school with 20 places)

Sometimes the change in their approach was as a result of a bad experience in the past.

Well I always make sure I get paid a month in advance, as I used to get paid at the end of the month and they were like ‘oh, bye' or they would be like ‘oh sorry we can't afford to pay you this month', then the next and the one after and it mounts up to three months ... I mean, I ended up losing money. (Childminder, high penetration rate area)

These providers discussed that, if they wanted to stay in childcare, they needed to operate a good business to enable them to compete with other providers. This view had become more prevalent with the recent expansion of childcare. This meant that for the combination providers who had progressed into this group from the care group, it was often a reluctant decision. However, the appreciation that they needed to make money, and sometimes even be tough with parents, meant they had moved into the combination group. In doing so, these providers were learning and developing ways to be more confident around their financial administration, such as the childminder with her diary approach to collecting fees.

Due to a commitment to being involved in the care of the child, it meant that many of these providers found they worked extra, unpaid hours in order to do the paperwork and accounts.

Then think of all the extra paperwork, which you can't do whilst you are working, that would take your £3 an hour down. (Network Childminder, Combination Provider)

Comparing the types of provider

Table 1 presents a summary of some of the characteristics of the provider types, identified via the quantitative data held on the providers. However, Table 1 does not take into account factors such as the comment made by the childminder above.
The table shows that business providers are more likely to be ‘newer’, in that they have been operating for fewer years. This could be evidence of the impact of the supply side funding under the National Childcare Strategy on emphasizing a more business-like approach as suggested by Harries et al. (2004), but as this article only presents an exploratory study, more investigation would be needed. What is perhaps of more interest is that those providers who have taken a self-confessed less business-like approach to the provision of childcare have still remained sustainable. Speculation on the reasons for this, such as the quality of the settings, could be relevant, but would again need further exploration. Although, arguably, there is no need to be concerned about the lack of an identifiable business orientation if settings have operated for such a long time, the future viability of these settings is not known. However, anticipated further growth and falling birth rates suggest that sustainability could become more of an issue. The study and past literature also suggest that there is a higher proportion of these providers, thus sustainability issues could become more prevalent in the future.

One must also consider that different geographical areas may call for different approaches to childcare operations. Cleveland et al. (2007) suggest that the level of provision in an area will impact on the way in which a setting operates due to rates of competition, ultimately having consequences for the quality of the setting. Competition was certainly an issue (although it was not explored in relation to consequences for quality) with care providers fearing it the most, but the economic status of an area also interplayed with approaches to the delivery of childcare. Those in non-deprived areas had more of a care ethos, but were also situated in areas where there was less of a threat to their economic sustainability.

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a non = non-deprived; 20% = top 20% most deprived wards; pocket = a pocket of deprivation that was defined by the local authority where the study took place.
and they were, therefore, in a privileged position that allows them to be more care orientated. Business providers thus adopt such an approach under ‘tougher’ circumstances. However, for business providers, their dominance in deprived areas may be the result of deliberate targeting of these areas and the argument that the National Childcare Strategy focused on a more economic approach to delivering childcare. Equally, the comparative longevity of care providers could reflect that they have been led by market forces and are, therefore, operating in more affluent areas that have a higher demand for childcare, thus enabling them to adopt a care approach.

Each approach has strengths and weaknesses for parents, children, funders (if applicable) and providers. For care providers, the strengths for parents, children and providers are that they fulfil care principles that are associated with childcare. Yet, weaknesses are that they can be seen to be more volatile in an expanding childcare market, which could have consequences for the continuity of care should settings close. There is the potential for this approach to be identified as a weak one by funders. However, as funders created a pressure to adopt a more business-orientated approach, they were not evident in relation to this group. The business approach, in contrast, is a more favourable one for funders, as it has a greater emphasis on making a profit. For parents, children and providers, it is also more sustainable and, therefore, will help with the continuity of care. Yet, its weakness is that it can be seen to be in opposition to understandings of care. The combination approach is thus a compromise between the two former approaches adopting the strengths of both. However, a weakness is that of work–life balance.

discussion

First, it must be acknowledged that findings are related to views being expressed rather than practices observed. That said, in considering economic tensions in the provision of childcare, it is possible to discern common and differing themes between the types of provider identified. Within both policy and the literature, there was a tension between the humanistic and economic approaches to childcare that was also identified amongst the participants of this study. This tension was more prominent for care providers who were resisting attempts by the National Childcare Strategy to shift the boundaries of childcare provision towards a more economic-centred approach. For the so-called care providers, the economic focus was more difficult to incorporate into their understanding of childcare, because, as found by Osgood (2004) and others discussed earlier have found, there was the view expressed that this would have negative implications for their caring role. For many of the providers, there was a blurred line between the provision of care as a service and the role of caring, as seen in the
‘care’ providers, and this created a number of tensions in relation to the care/business dichotomy, whereby care and business are not seen as compatible. In essence, providers can be seen as not wanting to make a commodity of their own caring role.

‘Business’ providers, however, appeared to find it easier to incorporate a more humanistic approach within their practice. Nevertheless, the apparent ease by which business providers incorporated care into their ways of working appeared to be the result of compartmentalization, in that they delegated the care role to staff whilst the managers focused on the business operations. In some instances, ‘care’ providers had been able to maintain a care focus by adopting a similar approach and having the business operations dealt with by a finance manager. The ‘combination’ providers offer evidence of the way that a care approach can be successfully combined with business principles. Yet, the lack of compartmentalization amongst these providers meant a further tension also existed in relation to work–life balance, as time spent on work-related activities blurred into time that is ‘out of hours’. This was evident in the providers who worked extra unpaid hours in order to complete paperwork and to work between shifts. Gelder (2003) in her exploration of English and German childminders refers to the problems of work–life balance as the difference between ‘attendance time’ and ‘start-stop time’ to highlight that the time that a childminder starts or finishes work is different from that which the child attends the setting. Combination providers reported working extra, unpaid hours most frequently and provided evidence of where providers would need support and training in order to adopt a more combination approach, but also in order to ensure that their costs reflect the true time spent working.

Furthermore, working between paid shifts offers evidence of the difficulties providers face in developing a more flexible service. If childcare providers allow parents to pay for and use only for the hours of care they want, it creates the potential for more complicated staffing arrangements, increasing uneven shift patterns and greater potential for working extra, unpaid hours. Thus, this facility would need to be considered in greater detail in order that providers could explore ways of staffing more flexible childcare.

Providers may also need to become better at identifying the distinct gaps and niches in the market, so that they are not always in direct competition with one another. Reports of unmet childcare needs by parents suggest that there are other ways for providers to develop the delivery of childcare which in turn could contribute to a more flexible provision. The apparent lack of consideration of alternatives could reflect an inherent problem – that many providers do not well understand their business operations and this would constitute an area in which professional support and development is needed.

Other economic tensions that emerged had a great deal of commonality, with the distinct typologies offering evidence of the different ways in which providers
dealt with these tensions. For example, the financial challenge of training costs was addressed by cascading training internally within settings.

conclusions

It is neither so simple or accurate as to suggest that the private sector is more likely to focus on the business side of things and the voluntary sector on the care side, as Osgood (2004) suggested. It is to suggest something rather more complex than this, not only in relation to the interplay of external factors such as the number of staff or external funders, but also in terms of the extreme diversity in the sector, particularly in the private provision. Those in the private sector could be part of a chain or a small independent day nursery, with varying numbers of staff and places on offer and operating out of a variety of locations, all of which had an influence on the approach adopted towards the provision of care.

Providers, however, do need to be supported in developing their business operations so that a firm economic base is being built upon, before attention can be given to developing a more flexible provision. Any development of flexible childcare must be done with regard to the sustainability of childcare and not just as a response to childcare policy and/or the needs of parents. In order to develop a firm economic base for childcare, providers would benefit from training that emphasizes a business approach but avoids the erosion of care. Once a more stable and sustainable foundation has been established, then moves can be made towards developing and expanding flexible childcare.

note

1. It is acknowledged that business can also be not-for-profit.

references


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