7 Conclusion: Summary and Implications

7.1 Introduction

The aim of this research is to describe and explain the effects of the introduction of market forces in the Dutch child-care sector on employee governance, motivation and performance. Although in discussions regarding the introduction of market forces in care work the possible effects for providers and customers are taken into consideration, usually no focus is given to the possible effects for care employees. The question is whether or not the possible effects on employees are rightly dismissed. What if the introduction of market forces in care work affects employee motivation and performance? Seeing that care work is highly labour intensive, the performance of the care sector depends highly on the willingness and quality with which the employees working in this sector apply themselves to their tasks.

The theoretical model that explains the effects of the introduction of market forces in the Dutch child-care sector on employee governance, motivation and performance is presented in Chapter 3. The effects of the introduction of market forces in the Dutch child-care sector on employee motivation and performance are explained using the social production function approach and crowding theory. The social production function approach assumes that all people have one universal goal in life: subjective well-being. Having a job is one of the sources that people have for the production of well-being: a job provides people with extrinsic and intrinsic rewards or so-called production factors for the production of well-being. The extrinsic and intrinsic rewards employees derive from their job combined with the productivity of these rewards influences the level of well-being and therefore the level of extrinsic and intrinsic motivation employees display in their job. Given the fact that employee motivation is assumed to be influenced by rewards as well as by the productivity of these rewards, changes in rewards or their productivity affect employee motivation therefore. Crowding theory assumes that the intrinsic motivation of employees is not only
affected by changes in intrinsic rewards, but also by the way in which an external intervention is perceived. Intrinsic motivation increases if individuals perceive an external intervention as supportive. In this case, a crowding-in effect is said to occur. If individuals, however, perceive an external intervention as controlling, intrinsic motivation decreases and a crowding-out effect is said to occur.

The introduction of market forces in the Dutch child-care sector is expected to affect the employee governance of child-care organisations which, in turn, is expected to affect the extrinsic and intrinsic rewards the childminders derive from their job. In addition, the way in which the changes in the child-care sector are perceived are expected to affect the productivity of the intrinsic rewards. If the introduction of market forces in the Dutch child-care sector is perceived as controlling, the productivity of the intrinsic rewards that are derived from working in child care decrease and intrinsic motivation will be crowded-out. However, if the introduction of market forces in the Dutch child-care sector is perceived as supportive, the productivity of the intrinsic rewards increase and intrinsic motivation will be crowded-in.

Subsequently, the extrinsic and intrinsic motivation of the childminders are expected to affect the performance of the childminders. Both extrinsic and intrinsic motivation are expected to have a positive effect on the quality of employee performance. The link between the level of motivation and the level of employee performance is based on the mutual-investment model, which defines the relationship between employer and employee as a social exchange relationship and claims that the employer will invest in the employee whereas the employee will respond by displaying a high level of performance.

The effects of the introduction of market forces in the Dutch child-care sector on employee governance, motivation and performance are analysed using cross-sectional data. The data, operationalisations and statistical models used in this research are described in Chapter 4. In Chapters 5 and 6, the results of the analyses are given. Chapter 5 presents the descriptive analyses and Chapter 6 the explanatory analyses.
7.2 Results

7.2.1 To what extent does the introduction of market forces in the Dutch child-care sector influence the employee governance of child-care organisations? (research question 1)

The introduction of market forces in the Dutch child-care sector, combined with the accompanying pressure to increase efficiency, is expected to influence the employee governance of child-care organisations. The introduction of market forces in the Dutch child-care sector is expected to have an increasing effect on the flexibility of employment contracts, tightness of the job design, focus on pay-for-performance in the reward and career system, and the attractiveness of the reward and career system. The data reveal that none of the employee governance elements of child-care organisations are significantly influenced by the extent to which child-care organisations are confronted with market forces.

In addition to the cross-sectional analyses, the managers of the child-care organisations were asked to report on how they perceive the developments in employee governance over time. From these findings, presented in Chapter 5, it is known that child-care organisations perceive an increase over time in flexibility of employment contracts, a stronger focus on pay-for-performance in the reward and career system, and an increase in the attractiveness of the reward and career system. Over time, the child-care organisations do therefore perceive, as expected, a change in employee governance.

The fact that the results from the cross-sectional analyses do not confirm the results from the analyses over time might be due to the small sample size (n=30) and the possibility that, at the time of the data collection, the employee governance of the child-care organisations had already adjusted to the changes in the child-care sector. Over time, all child-care organisations in the Dutch child-care sector have been confronted with the same transition from a welfare to a market sector. Therefore, all child-care organisations have been forced to increase their efficiency in order to secure their financial position, and the employee governance of child-care organisations with a welfare tradition may therefore have developed over time in accordance with the employee governance of child-care organisations that have always had a strong market orientation. As a result, the differences
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between the employee governance of child-care organisations may have diminished so much over time that at the time of collecting the data the differences between child-care organisations were too small to find significant results.

7.2.2 If the employee governance of child-care organisations changes, to what extent do these changes influence employee motivation? (research question 2)

The employee governance of child-care organisations is expected to influence the extrinsic and intrinsic motivation of the childminders by affecting the extrinsic and intrinsic rewards the childminders derive from their job. From the cross-sectional analyses it is clear that employee governance has both negative and positive effects on the extrinsic and intrinsic rewards. Flexible employment contracts negatively influence the extrinsic and intrinsic rewards childminders derive from their job, whereas an attractive career system positively influences the extrinsic and intrinsic rewards childminders derive from their job. Finally, a tight job design negatively affects the intrinsic rewards childminders derive from their job.

The extrinsic and intrinsic rewards are, in turn, expected to have a positive effect on the extrinsic and intrinsic motivation of the childminders. In addition, it is assumed that the higher the productivity of a certain reward, the larger the effect on employee motivation will be. The results indicate that the extrinsic and intrinsic motivation of the childminders are, as expected, triggered by the extrinsic and intrinsic rewards that childminders derive from their job, respectively. The results further show that, except for flexibility of employment contracts, the extent to which child-care organisations are confronted with market forces and the employee governance of child-care organisations do not influence the effects that intrinsic rewards have on intrinsic motivation. In child-care organisations characterised by a higher than average percentage of temporary contracts, the intrinsic rewards that childminders derive from their job - measured by the reciprocal factor ‘work pressure’ - have a smaller positive effect on the intrinsic motivation of the childminders than in child-care organisations that feature a lower than average percentage of temporary contracts. This implies that the flexibility of employment contracts, as expected, has a negative effect on the productivity of the intrinsic reward ‘absence of work pressure’, which indicates that an increase in
flexibility of employment contracts is perceived as controlling and therewith crowds-out intrinsic motivation.

In addition to the cross-sectional analyses, the childminders were asked to report on how they perceive the developments in extrinsic and intrinsic rewards over time. The development of extrinsic rewards is measured by the development of financial rewards over time, and the development of intrinsic rewards by the development of work pressure (reciprocal of intrinsic reward) over time. The results indicate that, on average, the childminders perceive a small increase in financial rewards over the past three years. For the upcoming years no change in financial rewards is expected. Furthermore, the majority of the childminders perceive an increase in work pressure over the past three years. For the future a further increase is expected. Therefore, over time the childminders signal an increase in extrinsic rewards and a decrease in the intrinsic rewards they derive from their job.

Given the fact that extrinsic and intrinsic rewards have been found to positively affect the extrinsic and intrinsic motivation of the childminders, respectively, over time an increase in extrinsic motivation and a decrease in intrinsic motivation can be expected. According to the childminders the extrinsic motivation has, on average, decreased slightly over the past three years, however, whereas the intrinsic motivation has increased slightly. The perceived development of extrinsic and intrinsic motivation over time is therefore the opposite to what was expected on the basis of the perceived development of extrinsic and intrinsic rewards over time.

Although the perceived development of employee motivation indicates that the increase in work pressure has not led to a decrease in intrinsic motivation over time, in the long term a decrease in intrinsic rewards may, however, result in a downward pressure on the intrinsic motivation of the childminders, which might even lead childminders to leave the sector. In our sample, we included childminders who have resigned from their job during the past three years. The childminders in the sample who have left the child-care sector during the last three years state that, in addition to personal reasons such as moving or the birth of a child, lack of fulfilment and possibilities of developing themselves were the foremost reasons for leaving the sector. With regard to the intrinsic rewards they
claim to have received from their job and the development of intrinsic rewards over time in particular, the former childminders are far less positive than the childminders who are currently working in the sector. A portion of the childminders who find the decrease in intrinsic rewards over time problematic have probably left the child-care sector therefore. Therefore, the introduction of market forces in the Dutch child-care sector might be more detrimental to the intrinsic motivation of the childminders than is clear from the analyses among the childminders who are still working in child care.

7.2.3 If employee motivation changes, to what extent do these changes influence employee performance? (research question 3)

Finally, we have analysed the extent to which employee motivation affects employee performance. In doing so, the focus was on the quality of employee performance. The quality of the performance of the childminders is measured by individual performance measures and measures with regard to the way in which the childminders rate the level of performance of the day-care centre they work for. Both extrinsic and intrinsic motivation are expected to have a positive effect on the quality of employee performance.

With regard to the effects of employee motivation on individual performance, the results show that none of the individual work performance items are significantly influenced by the extrinsic motivation of the childminders. The intrinsic motivation of the childminders does, however, significantly affect individual performance. Highly intrinsically motivated childminders report significantly less often the desire to leave the child-care organisation in the upcoming years, and the higher the intrinsic motivation of the childminder, the higher their context performance. The self-rating measure of the performance of the childminder in comparison with his or her colleagues and the amount of sick leave of the childminder, are not significantly influenced by employee motivation.

The analyses show further that employee motivation has a high impact on the way in which the childminders rate the level of performance of the day-care centre they work for. Both the extrinsic and intrinsic motivation of the childminders have a significant positive effect on the extent to which childminders claim that certain quality aspects are realised in the day-care centres they work for,
and on the extent to which childminders claim that the day-care centre focuses on professionalism and quality of care. In addition, the intrinsic motivation of the childminders significantly affects the general levels of sick leave and personnel turnover. The higher the intrinsic motivation of the childminder, the lower the level of sick leave and the level of turnover that the day-care centre exhibits, according to the childminder. The results indicate therefore that, as expected, both extrinsic and intrinsic motivation positively influence employee performance.

With regard to the perceived development of employee performance over time, the childminders in the sample report that over the past three years both the levels of sick leave and personnel turnover have increased at the day-care centre they work for. For the future, a further increase in turnover is expected. The childminders were also asked to report on how they perceive the development of the attention that is paid to professionalism and quality of care in the day-care centre they work for. The childminders perceive an increase in attention that is paid to professionalism and quality of care, both in the past three years and the coming three years. Over time, the childminders perceive both positive and negative developments in employee performance therefore. On one hand, increasingly more attention is paid to professionalism and quality of care. On the other hand, the levels of sick leave and personnel turnover have increased over time. Given that, on the basis of our cross-sectional analyses, we have to conclude that the introduction of market forces does not significantly influence the employee motivation of the childminders, it remains to be seen whether these perceived changes in employee performance are due to the introduction of market forces in the Dutch child-care sector.

### 7.3 Limitations and strengths

The effects of a longitudinal process, the introduction of market forces in the Dutch child-care sector, are measured using cross-sectional data. The extent to which child-care organisations in the sample are confronted with market forces is assumed to be a reflection of the development of child-care organisations over time. A strong aspect of this research is the fact that a broad range of child-care
organisations were included, characterised by differences with regard to the extent to which they are financially dependent on the government, the urbanity of the area in which they are located and their size. Also, it was attempted to achieve a good understanding of the effects of the introduction of market forces in the Dutch child-care sector by including measurements on organisation level, location level and employee level.

Nevertheless, the cross-sectional design applied in this study is subject to limitations. Childminders working in day-care centres with a high level of sick leave at the time of the data collection might, for example, experience higher work pressure. Moreover, given the small differences in employee governance between the child-care organisations in the sample and time lag effects, the extent to which child-care organisations are confronted with market forces may not provide an ideal reflection of the development of child-care organisations over time.

Another strong aspect of this research involves the investigation of crowding effects in the context of paid work. As explained in Chapter 1, the measurement of crowding effects in the context of paid work concerns a field of empirical research that is very scarce. The research done so far is based mostly on activities for which people typically do not expect to be paid, such as puzzle solving or volunteer work, using an experimental design. Until now, little field research has been done within an organisational context. Therefore, by investigating the effects of external interventions on intrinsic motivation in the context of paid work this research contributes to a field of empirical research that is very scarce.

In this research we have attempted to improve the understanding of crowding effects by distinguishing between the effects of external interventions on intrinsic motivation via a change in intrinsic rewards and the way in which the external intervention is perceived. In several respects, our analysis of crowding effects is, however, problematic. First of all, the analysis of the effects of external interventions on intrinsic motivation could be improved by the use of panel data given the causal relationship between external interventions and intrinsic motivation. The use of panel data is, however, also subject to limitations such as attrition. Second, it might be that in our operationalisation of intrinsic rewards the perception effect is partly absorbed, which makes it problematic to distinguish
between the effects of intrinsic rewards on intrinsic motivation and the perception effect. Finally, childminders were not literally asked how they perceive the introduction of market forces in the child-care sector. Instead, the perception effect is operationalised as an interaction effect between intrinsic rewards and the extent to which the child-care organisation is confronted with market forces on intrinsic motivation, and between intrinsic rewards and the employee governance of child-care organisations on intrinsic motivation.

### 7.4 Implications of this study

#### 7.4.1 Implications for future research

What is clear from this research is that extrinsic and intrinsic rewards are important for employee motivation and therefore for employee performance. In decisions with regard to organisational change, the effects that a change in employee governance might have on the extrinsic and intrinsic rewards employees derive from their job should be taken into consideration therefore. Given the trend in the Netherlands to introduce market forces in traditionally welfare-oriented sectors, it would be very interesting to conduct the data collection in other care sectors, such as home care and residential care.

In addition, it would be very interesting to collect new data in the Dutch child-care sector a few years from now. In doing so, it will be possible to analyse developments over time, which will increase our understanding of the effects of the introduction of market forces in the Dutch child-care sector on employee governance, motivation and performance. Moreover, being able to analyse the effects of external interventions on intrinsic motivation in the context of paid work using measurements on several points in time will improve our understanding of crowding effects.

#### 7.4.2 Policy implications

In this research, it was found that the employee governance of child-care organisations affects the extrinsic and intrinsic rewards that childminders derive from their job. The extrinsic and intrinsic rewards, in turn, influence employee
motivation and performance. Since intrinsic rewards are a very important source of motivation for the childminders, and given the fact that the performance of the childminders is influenced mostly by intrinsic motivation, it is clear from this research that child-care organisations need to focus on intrinsic rewards when governing their employees.

Moreover, it was found that the extent to which child-care organisations are confronted with market forces does not significantly influence the employee governance of child-care organisations. Child-care organisations confronted with a low level of market forces were not found to do a better or worse job when motivating their employees than child-care organisations confronted with a high level of market forces. For the employee motivation and performance of the childminders it therefore does not matter much whether or not the child-care organisation is confronted with market forces. What matters is how employers in child care are governing their employees.

Finally, it was found that the childminders in the Dutch child-care sector report a high level of motivation and willingness to apply themselves to their tasks. Since the introduction of market forces in the Dutch child-care sector does not seem to affect the motivation and performance of the childminders, and the childminders do not perceive large changes in employee motivation and work effort over time, the high motivation and performance levels of the childminders are found to be relatively stable over time. Given the fact that the performance of the child-care sector highly depends on the motivation and performance of the childminders, these results can be considered support for the findings of the research of Vermeer et al. (2005), who found that the quality of the interaction between the childminders and the children was stable over the past ten years. Again, this seems to indicate that the introduction of market forces and the accompanying emphasis on efficiency in itself is not at odds with high quality performance. In fact, it suggests that the quality of the Dutch child-care sector, often describes in rather negative terms, is in fact rather positive.
7.5 Concluding remarks

All in all, it can be concluded that the introduction of market forces in the Dutch child-care sector does not have a large influence on the motivation and performance of the childminders. The rewards childminders derive from their job do, however, change. The level of extrinsic rewards increases slightly, whereas the level of intrinsic rewards decreases slightly. While the childminders perceive, on average, an increase in work pressure over time, this increase is modest and hardly interferes with the enjoyment derived from working in child care. Although the introduction of market forces in the Dutch child-care sector goes hand in hand with an increase in attention paid to realising a high efficiency, the childminders still greatly enjoy working in child care and are willing to perform in the best way they can. Therefore, the quality of the Dutch child-care sector, measured in terms of the quality of the performance of the childminders, is high and stable over time.