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An exploration of the effect of corporate structure on service quality in child care

Scott Weaven, Debra Grace, Griffith University

Abstract

This article explores parental and child care staff perceptions of quality across alternative child care governance structures in Australia. Twenty-one child care staff and twenty parents of children attending community-based, independent-private and corporate chain centres were interviewed. Results show structural and procedural elements of service delivery to be significant, although parental age and caregiver experience moderates the importance assigned to quality dimensions. Overall, independent-private and community-based centres were rated above that offered by corporate chains. Future research should identify factors influencing centre under-performance, inform public policy and ensure consistent service quality provision regardless of ownership structure or centre administration.

Introduction

The importance of child care services in promoting workforce participation, family work/life balance and children's cognitive and socio-economic development has been widely reported (Wise, Ungerer and Sanson, 2002). From a developmental psychology perspective, 'high' quality care has been shown to be associated with fostering children's self-esteem, scholastic ability and social competencies (Magnuson, Ruhm and Waldfogel, 2005). Moreover, a central tenet of high quality care is the formation of secure attachment relationships between children and caregiver staff which is said to be a critical precursor to normal emotional development in later life (Belsky, 2001). Alternatively, low quality care has been found to promote the development of anti-social behaviours and increased levels of anxiousness and personal stress which may increase the incidence of problems associated with obesity, mental health and welfare dependency in adulthood (Philips, McCartney and Scarr, 1987). Although there have been some investigations into the factors affecting high quality service outcomes (for example, da Silva and Wise, 2006), quality is a subjective concept (Ceglowshi and Bacigalupa, 2002) and is largely dependent upon the individual stakeholder groups being considered (Tietze, Cryer, Bairrao, Palacios, and Wetzel 1996). This research fills a gap in the literature by being the first to examine and compare parental and child care staff perceptions of quality within the context of community, private and corporatised child care service provision.

Historically, researchers and policymakers have adopted structural measures of quality to inform likely process quality outcomes associated with child and staff interactions and developmentally appropriate activities (Phillipsen, Burchinal, Howes and Cryer, 1997). Structural dimensions including staff-child ratios, group sizes, caregiver experience and educational qualifications have been favoured by state and territory licensing bodies as they are easily accessible and regulatable (Brown and Sumsion 2007). However, these conceptualisations of quality have been criticised for lacking uniformity and providing a minimum-standard view of child care quality (Doherty-Derkowski, 1995). For example, the current national Quality Improvement and Accreditation System (QIAS) has been touted as ineffectual in gathering validation data from parents (Pryor 2006). As parental perceptions of service quality are likely to be different from researcher perspectives (Larner and Phillips,

1994) they have the capacity to extend our current understanding of child care service quality and assist in the identification of gaps between expected and actual service delivery (da Silva and Wise, 2006; Grace & O’Cass, 2001). Therefore, collective, multi-stakeholder perspectives on quality service provision in child care settings are needed (Farquhar, 1993; Tietze et al., 1996).

Both for-profit and non-profit centres provide long day care services in Australia. These include community-based providers (non-profit), independent private operators (for profit) and corporate chains (publicly listed for profit entities). Each structure has markedly different strategic and operational approaches which have led researchers to question the relative merits of each organizational arrangement in terms of the service quality provided. For-profit organizations are said to follow a ‘business orientation’ focusing upon cost and efficiency, while the ‘humanistic orientation’ of non-profit centres is said to be more effective in developing beneficial attachment relationships with children through accommodating individual needs (Goodfellow, 2005). Of particular concern is the recent trend towards the corporatisation of services which has been viewed by critics as resulting in poorly-managed businesses, reductions in staff quality and significant decreases in the overall quality of services provided (Nyland, 2001). However, given these concerns, it is surprising that the relationship between child care service quality and governance structure has only received limited attention in the literature (Rush 2006). To this end, this research will extend our current understanding of service delivery in child care through examining quality perceptions from both a parental and child care worker’s perspective, within the context of alternative child care management and ownership structures. This paper is organised as follows. First, the literature regarding service quality and child care centre governance and administration is reviewed prior to the presentation of the research questions. Then the qualitative methodology is detailed and the findings of exploratory interviews are discussed. Finally the concluding comments and directions for future research are presented.

Literature Review

Service Quality

From a parental perspective service quality is usually defined in relation to the needs of the child and family with the most important aspects relating to the child care service outcomes (including affordability aspects) and physical child care settings (Emlen, Koren and Schultze, 1999). Prior research has shown parents to consistently rate emotional warmth (nurturing), health, and safety dimensions of care above all else (Cryer and Burchinal, 1997; Farquhar, 1993; da Silva and Wise 2006). From a researcher’s perspective there appear to be three contextual factors assisting in the promotion of high quality care; regulation, funding and auspice. Firstly, regulations have been found to be related to quality with better regulations equating to better staff-children ratios, lower rates of infectious illness, better trained staff, appropriate child interactions and lower staff turnover (Phillips, Mekos, Scarr, McCartney and Abbott-Shim, 1995). Similarly, funding has also been found to relate to staff ratios, staff morale and turnover, levels of carer training, working conditions and staff-child interactions (Scarr Eisenberg and Deater-Deckard, 1994). Finally, in a Canadian study, auspice (ownership structure), was found to impact upon the quality of child care services, with non-profit centres exhibiting better staff-child ratios, better employment conditions, lower staff absences, reduced turnover and lower work-related stress (Doherty- Derkowski, 1993, 1995). However, the role of corporate structure and child care service quality has received scant

attention in the early childhood literature even though there is continuing debate regarding the relative merits of child care privatisation and corporatisation (Rush, 2006).

Corporate Structure

Market driven child care provision in Australia continues to inspire much debate. Proponents of the 'economic rationalist' approach to service provision view privatization and corporatisation of public services as a valuable innovation (Love, Wood, Picken and Confoy, 2000) resulting in the injection of new resources, cheaper and more efficient services and providing needed financial relief on the public system. In support of this, there is some evidence of commercial operations encouraging greater performance in public sector enterprises through mutual benchmarking activities (Pataki, Nemeth, Barkanyi, and Koczka 1998). However, critics suggest that privately-owned (and in particular, publicly-listed) child care services encourage poorly managed businesses that, in their drive to reduce costs, create profits and appease shareholder demands, may reduce the quality of delivered services (Nyland, 2001). In support of this a recent study found child care workers believed community centres outperform corporate chains when considering the quality of physical equipment, food and nutrition, staff-child ratios and the promotion of attachment relationships between staff and children (Rush, 2006). However, parental perceptions of quality within the context of alternative operating structures have not been investigated which is curious given the results of prior studies of parental perceptions which have been shown to both reinforce and extend current conceptualizations of child care service quality (da Silva & Wise, 2006). To this end this research will investigate the following research questions.

RQ1 To what extent are there differences in the perception of consumers (parents) and providers (staff) in relation to quality in child care service delivery?

RQ2 To what extent are there differences in the perception of consumers (parents) and providers (staff) regarding service quality across different operating structures?

Method

An exploratory semi-structured interview approach was adopted to gather in-depth information within a real-life context with the aim of building theory (Eisenhardt, 1989). Sample selection was purposive and theory driven (Gubrium and Holstein, 2001) and parents and child care staff within regional and urban regions of South East Queensland were interviewed to limit extraneous variation in data (Eisenhardt, 1989). A snowball sampling technique was used in which each respondent was asked to suggest another person with similar characteristics (Aaker, Kumar and Day, 2005). A total of 21 semi-structured in-depth interviews were conducted with child care staff currently employed within for-profit and non-profit centres. In addition, a further 20 interviews were conducted with parents of children attending long day care in community, independent and corporate chain centres. Leximancer was used to examine the text data to develop a ranked list of lexical terms based around frequency and co-occurrence usage (Smith and Humphreys, 2006). In addition, Leximancer has been shown to address issues of reliability (Alexa and Zuell 2000) and to improve validity in qualitative research (Smith and Humphreys 2006).

Parents ages ranged from 20 to 44 years, were drawn from a variety of occupations including professionals, skilled manual and administrative roles, and had incomes ranging from less than \$25,000 to more than \$75,000 per year. Twelve parents who were between the ages of 20-35 years were classified as 'younger mothers', while the remaining eight parents were

classified as 'older parents' as they were over 35 years old (Laws and Sullivan, 2004). Six parents had children currently enrolled in corporate chain centres, nine in independent-private centres and five in community-based child care. Child care staff were aged between 22 and 49 years, and had been working in the child care industry for an average of 2.52 years. The eight child care staff with more than 3 years experience in the child care industry were classified as 'experienced caregivers', while the remaining 13 staff were classified as 'less experienced caregivers' (AIHW, 2005). Six staff were currently employed in community-based centres, nine in independent-private centres and six in corporate centres. A total of nine staff had experience in working in community-based care, 16 had been previously employed in independent-private centres, and eight had provided services in centres owned and administered by corporate chains.

Findings and Discussion

Three themes emerged from analysis of the qualitative data which are broadly consistent with previous research by da Silva and Wise (2006). These related to regulated structural dimensions of care (child-staff ratios, minimum caregiver qualifications, maximum group sizes, safety of building and grounds, appropriate levels of equipment), provider responsiveness to children's personality and developmental needs (emotional warmth, safety and health, stimulating toys and equipment, learning exercises, stability of staff (turnover), food and nutrition), and the caregiver relationship with parents and children (child care staff knowledge and relationship with children, child care staff knowledge of parental expectations, parenting support and flexibility, cultural sensitivity).

The findings suggest that both child care staff and parents identified and attached importance to procedural elements of child care service delivery. In particular, parents associate quality with observable child care experiences rather than classroom and centre structural elements. This is curious as structural dimensions (such as caregiver qualifications, group sizes and child-staff ratios) have been shown to predict child care quality (Philips et al., 1995; Phillipson et al., 1997) and are often detailed in the media when reporting allegations of breaches in child care service quality (Karvelas, 2007). In comparison, more experienced child care staff nominated structural issues which may be a reflection of job tenure and an increasing emphasis on regulation and accountability in the Australian child care sector (Brown and Sumsion 2007).

Overall, the concept of 'provider responsiveness to children's developmental needs' was considered an important indicator of quality in child care, by both parents and child care staff alike. Most interviewees rated the importance of safety and health procedures, the provision of adequate quantities of nutritious food, age-specific equipment and, consistent with previous research, parents apportioned the greatest importance to the emotional warmth or nurturing approaches of caregiver staff (Cryer and Burchinal, 1997). For example, one parent commented 'I looked for staff that were warm, friendly and approachable. This makes me feel that they will go beyond doing just what they consider that they 'have to do' much like what my children get at home'. However, less experienced staff forwarded hygiene and safety issues as the predominant determinants of centre quality. In comparison, experienced child care staff made explicit links between provider responsiveness (such as health and safety, stimulating toys and equipment etc) and their role in ongoing reforms of centre policies and development of learning activities. The apparent lack of knowledge that less experienced staff had regarding child care centre operations may be due to inexperience, or somewhat alarmingly, may reflect a lack of appropriate training or disinterest in an industry which has

traditionally suffered from a lack of qualified staff, high rates of job dissatisfaction and turnover (AIHW 2005; Fenech et al., 2006).

The dimension relating to the relationship between child care staff with parents and children was perceived as the most important measure of quality in child care services. Both parents and child care staff believed the 'joint or shared attention' episodes (involving activities promoting shared experiences, warm interaction and meaningful conversation), were important features of high quality classroom environments. When considering the relationship between staff and parents, most agreed on the need for open communication between the child care provider and parents. However, less experienced child care staff placed clear limits upon the extent of parental involvement in activities, citing difficulties in accommodating unrealistic demands on program content and delivery. This is a surprising result given the close contact between staff and parents, but may be indicative of increasing client and distractive demands placed upon child care staff (Sumsion et al., 2006).

When considering different organizational governance structures, parents consistently viewed private independent and community-based centres as providing the highest levels of care in relation to regulated structural dimensions of service quality. Most agreed that private centres were marginally better in meeting minimum regulatory stipulations (higher numbers of qualified staff per child and smaller class sizes across age groups), promoting hygienic and safe learning environments for children, providing nutritious food and stimulating toys and equipment, developing appropriate learning activities and administering group activities. However, older parents nominated community-based care as providing similar levels of high quality care in relation to provider responsiveness.

In comparison, child care staff perceived community-based care to be of marginally higher quality than independent-private centres as they often exceeded minimum state regulations regarding child to staff ratios, numbers of qualified and experienced staff, class sizes and physical infrastructure (in particular, playground facilities and outside areas). In relation to provider responsiveness to developmental needs, less experienced staff believed that independent-private operations provided higher levels of quality as staff had some decision-making involvement centre policy formation. At the classroom level, more experienced staff believed that community centres were marginally better than private centres in terms of 'structural' and 'provider responsiveness' dimensions of service quality, while private and community centres were seen as offering similar levels of quality in relation to carer relationships with parents and children.

Conclusion

The results suggest that both non-profit and for-profit child care centres in Australia provide high quality services. However quality appears predicated upon system size, the centralization of management and stakeholder responsibilities. While (smaller) independent-private centres were applauded for their responsive approaches to achieving quality outcomes, corporate centres were viewed as following a business model that abrogated both direction and responsibility to centralised operations. Resultant perceptions of inflexible, remote and exclusive management practices and excessive shareholder demands question the applicability and role of corporatised services in child care. Perhaps a more critical ethical review of child care corporatisation as proposed by Sumsion (2006) is warranted to inform public policy so as to ensure consistent service quality provision regardless of ownership or management structure of child care centres.

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