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Abstract

Can domestic service jobs ever be good jobs? We consider the case of the heavily subsidized, strongly regulated and yet also extremely popular Service Voucher Scheme in Belgium. Close to a quarter of Belgian households employ domestic service workers under the scheme. These workers are among the most generously protected in the world in terms of labour rights, social security rights, wages and other benefits. We ask: does this scheme provide an alternative to the precarious, bad quality jobs domestic workers often endure elsewhere? Or is this a case of institutionalised second-tier work? To that end we undertake a sequence-analysis approach on a representative large sample of subsidized workers. We find that the scheme's subsidized jobs are very good quality in terms of pay, social benefits and labour protection. A substantial share of women finds a way out of vulnerable labor market situations through the scheme. However, a very significant number enter from steady employment. This is clearly at odds with the original objective of offering a steppingstone to women with a vulnerable labour market position. At least in part, the Belgian scheme can be seen as a case of policy overshooting. We suggest some potential improvements.

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Introduction: can domestic service jobs ever be good jobs?

Can domestic service jobs ever be good jobs? We consider the case of the heavily subsidized, tightly regulated and yet also extremely popular Service Voucher Scheme (hereafter: SVS) in Belgium. Close to a quarter of Belgian households employ domestic service workers under the scheme. These workers are among the most generously protected in the world in terms of labour rights, social security rights, wages and other benefits. We ask: does this scheme provide an alternative to the precarious, bad quality jobs domestic workers often endure elsewhere? Or is this a case of institutionalised second-tier work?

Domestic work progressively disappeared in most European countries during the 20th century, but it has made a reappearance over recent decades, much of it in the informal sector. In Europe, several countries have set up schemes to subsidize the demand for domestic services – particularly for childcare and eldercare – via the introduction of cash-for-care schemes, vouchers or different socio-fiscal measures such as social contribution exemptions and tax rebates (Carbonnier and Morel 2015). Many countries also subsidize non-care-related domestic services such as cleaning and ironing (Leduc and Tojerow 2020). Next to promoting work-life balance for people at work, an important and recurring motive for the state-subsidized re-emergence of domestic work is to promote jobs for low-skilled people that have become structurally scarcer in advanced economies. Critical literature, however, points out that the subsidization of domestic and care work reinforces socio-economic inequalities and fosters precarious work for weaker groups in the labour market, notably low-skilled (migrant) women (Morel 2015). This 'subsidy paradox' has been convincingly established by research on, among others, the Netherlands, Sweden, Germany and Spain (Gavanas 2010; Hellgren 2015; Shire 2015; Van Hooren 2018).

This article engages with this subsidy paradox by examining the Belgian case. More specifically, we analyse how domestic service workers fare in the Belgian SVS, in terms of the security and stability of their working careers. The Belgian case is especially interesting, since the country's subsidy levels are very high (close to 70 per cent) and the jobs created by the scheme are among the best protected in the world (Ramos Martín 2018). At the outset of our study, we ask whether there is any way to avoid the subsidy paradox, i.e., if domestic service schemes – being geared to structurally weaker segments of the labour market – stand any chance of avoiding the production of precariousness for domestic service workers. In other words, is there a way to 'get things right' by subsidizing domestic service work?

We address this question by first building on the rich literature on domestic service work subsidization and the increased risks of precariousness and socio-economic inequality associated with it. We then study the social-legal features of the SVS to assess the scheme's ability to avert the risk of precariousness. We further build on longitudinal data that allow us to trace the labour market pathways of SVS workers to analyse whether SVS creates 'uncertain, unstable, and insecure jobs' (Kalleberg 2018:241) or rather provides stable and secure employment for domestic service workers. Using a sequence-analysis approach we track a representative sample of SVS workers in Belgium to identify the heterogeneous labour market pathways and the various ways in which SVS employment is embedded in them. Does the scheme allow people outside and at the margins of the labour market to improve their situation through the SVS? Or does their situation turn out to be more precarious than before their participation in the scheme? Research on precariousness in domestic services has mainly analysed the issue using a policy analysis approach (Carbonnier and Morel 2015, Jokela 2017). Next to a policy analysis for Belgium, this article contributes to the literature by adding an empirical assessment of the career pathways of domestic service workers. The pathways (sequence analysis) approach we use has gained increased attention in the literature on the role of atypical and contingent employment (see e.g., Fuller and Stecy-Hildebrandt 2015; McVicar et al. 2019) but has yet to gain ground in analyses on subsidized domestic employment (see for a first Barbiano di Belgiojoso and Ortensi 2019).

Literature review

Polarization, precariousness and domestic services – is there a way out?

If any good came out of the Great Recession and then the Covid-19 pandemic it is perhaps that concern about rising inequality and its destabilizing effects has moved up political agendas in the rich world. Both episodes wrecked societies to their core and highlighted the vulnerabilities of advanced economies where inequality could rise, or flourish unchecked. For a long time, rising inequality and dualization in labour markets – the emergence or deepening of new insider-outsider divides – were thought to be inevitable by-products of changes that brought greater prosperity. Trends like deindustrialization, globalization and technological change were seen as the main culprits. Next to these broad forces, social and labour market policies have come into focus as drivers of inequalities, not just as buffers or responders. Institutions are thought to shape many of the new inequalities and divides that we witness.

Since the early 1990s, extensive research demonstrated that labour markets in advanced economies are subject to polarising forces. Researchers witnessed the gradual growth in the number of both high and low paying jobs in some labour markets, with the gradual disappearance of mid-level jobs (Autor, Levy and Murnane 2003; Goos 2013; Howell and Kalleberg 2019; Palier 2019). Goos and Manning (2007) pointed to the development of many highly paid 'lovely jobs' on the one hand, taken up by the highly educated, whose productivity was boosted by the digital revolution, and on the other hand the development of low-paid 'lousy jobs' in the service sector such as retail, catering, construction, personal and domestic care. Peugny (2019) extended these observations to conclude that next to a general polarization of jobs, working conditions are polarizing too.

Already in the 1990s Esping-Andersen concluded on the growth of lousy service jobs: "As servicing becomes the lifeblood of our existence, privilege is bestowed upon the knowledge strata. Yet, there are huge areas of servicing which are labour intensive and low-skilled. The lower end of servicing society is where we must pin our hopes for mass-employment. Unfortunately, because of their sluggish productivity, low-end service jobs are threatened by a long term 'cost-disease' problem. Tertiary employment is therefore likely to stagnate unless wages slide downwards" (Esping-Andersen 1999, 96). Iversen and Wren (1998) made very similar arguments around that time, claiming that advanced economies are faced with a 'trilemma of the service economy', sharpening a trade-off between unemployment and low pay in the private service sector. Research indicates, however, that inequalities of income and other socio-economic outcomes have risen far more sharply in some countries as opposed to others. Trends thought of as 'structural' play out in very different ways across countries, muted or amplified by institutions and politics. Howell (2021), for example, shows that the protectiveness and inclusivity of labour market institutions make a big difference in wage inequality between the top and bottom end of the labour market in rich democracies. The largest contrast is found between the US (closely followed by the UK and Canada) and EU countries such as France, Belgium and Scandinavian countries.

A growing site of low-quality and badly paid 'lousy service jobs' in Europe has been observed in the *domestic services* sector (Carbonnier and Morel 2015). The growth of domestic services has been explained as stemming from, among others, the rise in inequality, the rise in (undocumented) migration, unemployment growth, the increase in female labour force participation as well as new social needs (Bettio, Simonazzi, and Villa 2006; Cancedda 2001). Research qualified domestic service jobs as particularly vulnerable to be lousy, as they produce precariousness for (female) workers in the sector (Jokela 2019). While many definitions and approaches of precariousness have been developed, also outside of the focus on domestic service work, precariousness generally refers to "employment under conditions that create uncertainty and insecurity for individuals in the labour market" (Jokela 2019, 34; see also Anderson 2010, Vosko 2009). Kalleberg (2018:241) specifies that the uncertainty, instability

and insecurity associated with precarious work also entails that 'employees bear the risks of work (as opposed to businesses or the government) and receive limited social benefits and statutory entitlements' (Kalleberg 2018). The consequences of precarious work go beyond the job quality and working hours, and extend into other realms, such as people's individual well-being (mental stress, poor physical health), their ability to form families, and broader community disintegration and disinvestment. The high risk of precariousness in the domestic service sector spurred the ILO to adopt a convention (No. 189) in 2011 regarding domestic work, to regulate at international level worker rights and working conditions in the personal and household services sector.

State subsidized domestic service work: institutionalized precarity?

An important aspect of the growth of domestic services has been the active promotion and subsidization of domestic and care services by EU member states such as France, Belgium, Germany, Denmark, Finland, the Netherlands and Sweden as well as by the EU Commission (Hellgren 2015; Marx 2015; Morel 2015). Subsidizing work at the lower strata of the service economy was thought to offer a way out of the 'trilemma of the service economy'. Subsidizing domestic service work is seen as a vehicle for partially bypassing the trade-off, that is to have service sector job growth to the benefit of the low-skilled without having to accept higher wage inequality, particularly wage erosion at the bottom end of the earnings distribution. In sum, subsidized domestic services emerged because good jobs at decent wages for low-skilled people were becoming structurally scarcer in advanced economies (Raz-Yurovich and Marx 2018).

By subsidizing domestic service work, EU countries aimed to promote job creation for low-skilled women, while at the same time supporting the productive potential of the highly skilled and responding to novel social needs in care and the household. EU countries seem to distinguish themselves from the US-style domestic services landscape which is characterised by a 'no policy' approach. Domestic work is poorly regulated in the US, where a large share of domestic workers are undocumented migrants (Jokela 2017; Michel and Peng 2012). Critical literature, however, points out that the subsidization of domestic and care work in Europe has so many side-effects that it tends to "reinforce or even foster socio-economic inequalities between the low-skilled and the high-skilled, between migrants and non-migrants" (Morel 2015). Rather than aiming to up-skill and promote activities with higher added value, subsidy programs are designed to reduce labour costs and de-regulate the labour market, which contributes to labour market dualization. Jokela (2019) indicates that despite the promotion of domestic work to provide job opportunities for low-skilled women across affluent countries, these women are at higher risk of precarious employment, working in non-standard employment settings with high job instability and low wages. Hence, we find a 'subsidy paradox' whereby several countries introduced policies subsidizing domestic service work, which in fact produces precariousness for domestic workers.

Even in countries with specific regulations regarding paid domestic labour, workers in the sector occupy a precarious position in the labour market. For the Netherlands, Van Hooren (2018) indicates that a special employment regulation (*Regeling Dienstverlening Aan Huis*) in 2007 excluded all domestic workers who are directly employed by households on a part-time basis from most of the social and employment protection. Households employing domestic workers are exempted from registering the employment relationship and from paying taxes and social security contributions. Justifying the move as stimulating entrepreneurship, domestic workers became excluded from employee social insurance coverage such as unemployment and pensions and were only entitled to a reduced period of paid sick-leave, minimum wage and paid holiday leave (Van Walsum 2011). Sweden's domestic services policies have similarly attracted criticism for developing precariousness for domestic workers. The country introduced a 50% tax deduction on domestic services (RUT) in 2007, to stimulate private domestic services delivered by a tax-registered provider (mostly cleaning). Many workers are affiliated with

service provision companies who send them to do work in private households. Only the largest of these companies have signed collective agreements, and only their domestic service workers have access to the full benefits and protections of the formal labour market (Gavanas 2010). In turn, many – especially immigrants – are exposed to small entrepreneurs and subcontracting chains and work informally at very low wages (Gavanas 2010; Hellgren 2015). Germany similarly attracted criticism for increased levels of precariousness due to the extensive use of the Mini Job system by domestic workers. Working through the Mini Job system allows employees to earn 450 EUR per month without paying taxes, but also without employers having to pay social security contributions (Jokela 2017; Prosser 2016). With tax credits mainly geared to support families (and professional working women) and to promote the formalization of employment in the domestic services sector, women working in domestic services in Germany are relegated to low-wage, temporary work, with little social protection (Jaehrling and Weinkopf 2018; Shire 2015).

The precariousness associated with national subsidy systems for domestic work is paradoxical. The paradox may be partly explained by a clash of motives behind the design of domestic work subsidies. A system that is geared to support families attain a better work-life balance (e.g., in Germany), or stimulating entrepreneurship in domestic workers (e.g., in the Netherlands) does not focus or is not interested in the working conditions and social protection of domestic workers. Keeping these various subsidy programs in mind, we study the Belgian case. The question behind our research is whether domestic services schemes and subsidies can at all 'get things right', in view of the fact that domestic services are a quintessential example of Iversen and Wren's 'trilemma of the service economy'. Can precariousness in domestic service work be avoided? We take Belgium as a case study as its subsidy levels are extra-ordinarily high (close to 70% of the cost) and the scheme developed elaborate labour and social protection for domestic service workers (see below). In the following section, we analyse the design of the Belgian SVS, which will serve as a background to our research questions and empirical results.

The Belgian Service Voucher Scheme

Context: the ultimate insider-outsider labour market

The subsidization of domestic services in Belgium needs to be understood in the context of the Belgian labour market. It has a lower-than-average employment rate and a higher-than-average share of inactive, unemployed or involuntary part-timers in the population. The Belgian labour market is one of the most tightly regulated and most strongly institutionalized labour markets in the OECD. As a result of extensive collective wage bargaining, Belgium has relatively few low-paid jobs. Comparatively tight legal restrictions on hiring and firing practices, the use of temporary contracts and other forms of non-standard employment produce a lower level of labour market insecurity and job strain than in most other OECD countries. Yet, Belgium also has a strongly segmented labour market characterized by a persistent insider-outsider divide. As low-skilled work is both relatively expensive and heavily regulated, many jobs come with strictly defined educational requirements. So, whereas Belgium does not exhibit 'flexibilization at the margin' (McVicar et al. 2019), the downside is low employment opportunities in the regular labour market for those with few skills or low/unrecognized educational qualifications. All this translates into substantial employment gaps for disadvantaged groups, particularly the low-skilled and persons with a migration background (Van Dooren, Struyven, and Coomans 2014). Among the population with a migration background, especially migrant women fare badly in Belgium (Rendall et al. 2010). A subsidized employment scheme such as the SVS hence aims to remedy these scarce job opportunities for people at the bottom end of the labour market.

The emergence and explosive growth of the Service Voucher Scheme

The SVS came into existence in January 2004. Like other EU countries, a first objective of the scheme was the creation of extra jobs, particularly for people with no or little formal qualifications. In response to the trilemma diagnosed by Iversen and Wren (1999), Belgium's scheme aimed to create more jobs while at the same time maintain a just wage tension and control government spending (Vandenbroucke 2015). A second objective was to reduce informal sector activities; domestic work was almost exclusively performed in the informal sector. A third objective of the scheme was to contribute to people's work-life balance. Service vouchers are used to pay for a clearly defined set of domestic activities such as cleaning, ironing, preparing food and doing occasional sewing work, shopping, and supervised transport of persons with reduced mobility. This outsourcing opens more time for leisure and childcare, and possible effects are that users would be able to put in more paid hours than they would otherwise or join the labour force (Raz-Yurovich and Marx 2019).

The scheme has become spectacularly popular, both for workers and client households. The number of SVS workers grew tenfold in less than 10 years, from about 15,000 in 2004 to more than 150,000 as of 2013. After 2013, the number of SVS workers continued growing at a slower place, reaching over 170,000 employees by the end of 2019. The scheme gradually became an important employer of female workers in Belgium: in 2019, nearly 8% of all working women in Belgium were employed under the SVS (Figure 1). Almost all the employees are female (97%) and most have attained no more than a secondary education (see below). Importantly, there has been an increasing inflow of immigrants – mostly from Poland, Romania and Portugal – in the scheme (Desiere and Goesaert 2019). On the client side, there are about one million SVS users in an adult population of around 8 million. Service vouchers are predominantly used by two-adult households in which both adults are working full-time. A second group of users, which is expanding, includes individuals above the age of 65. Most users are high-skilled (65 percent have a higher-education degree) and are relatively high up in the income distribution.

[Figure 1 about here]

Probably the most regulated and protected domestic service jobs in the world

The architecture of the SVS exhibits features that may be regarded as a serious attempt to prevent precariousness of the domestic service jobs. Features are 1) the very high subsidy level, 2) the high level of labour regulations organising the scheme, 3) the 'innovative' 3-party set-up whereby workers are never directly hired by clients, 4) the full integration of SVS workers into the social protection system, and 5) the unlimited duration of the SVS as an employment opportunity. We discuss these elements briefly in this section, as they help to assess whether and to what extent the SVS can prevent precariousness among domestic service workers and create stable and secure careers.

First, within the European context, the SVS is among the most heavily subsidized schemes of its kind: the growth in the number of users and women employed through the scheme has been nothing short of explosive. A family is entitled to 800 vouchers (400 vouchers pp) at the cost of €9 per voucher per year. Vouchers purchased thereafter cost €10. Users buy the vouchers from a private contractor called Sodexo. Each user is eligible for a 20% personal income tax credit (in Flanders), which reduces the real consumer cost per voucher to €7.2. The voucher is accordingly subsidized in two ways. The government subsidizes the issuing company (Sodexo) €14.36 per voucher, or per hour worked. Second, the

consumer can deduct 20%[1] of the price of the voucher from his or her personal income tax for the first 170 vouchers. This deduction costs the government €1.8 per voucher. Adding up both elements, the government subsidizes €16.16 per service voucher. Since the total cost of each voucher is €23.36, the government subsidizes 69% of the total cost of the scheme (calculation for Flanders).

The second important feature of the SVS is its elaborate labour regulations. Domestic workers under the SVS are all formally employed with a full employment agreement. No worker needs to negotiate her wage as the wages and labour conditions of SVS workers are set in collective labour agreements that are made generally binding by the Minister of Labour. That means that collective agreements apply to all workers, unionized or not. These collective agreements cover pay, working conditions, holidays etc. The level of protection granted to workers in Belgium is by all international and even European standards among the highest. Belgium has, for example, among the highest effective minimum wage floors in Europe. SVS workers receive a gross wage of minimum €11.58 per hour worked, which is paid by the service sector company employing the worker, which is higher than the minimum wage (€9.65). This wage can be higher depending on the terms of the contract as negotiated between the employer (not the client) and employee. Some other social-legal protections stipulated in the scheme regulations are that workers automatically receive a contract of unlimited duration after three consecutive months of employment with the same SVS company. Additionally, workers are guaranteed a stability of minimum three subsequent working hours per assignment and a minimum of 10 hours per week. The wage and working hours must remain stable for the entire duration of the employment contract (Mousaid et al. 2017).

Third, the SVS shields workers from potentially abusive clients through the 'three-party' set-up: SVS workers are not employed by individual consumers but by SVS companies, who in turn have contracts with clients. This has advantages for all parties. Consumers are not dependent on any particular worker, ensuring them continuity of service. But workers are not dependent on the wishes and whims of individual consumers either, placing them in a less 'subservient' position as compared to their counterparts in many other countries. For the workers, the fact that they are employed by a company also brings continuity in work. Additionally, a SVS company will only be an attractive employer if it has a reputation for taking good care of its workers. That brings an incentive for companies to protect their workers against abusive or overly demanding clients. To brand themselves as good employers, some companies in Belgium have gone as far as providing company cars and other perks to their workers. Critical research, however, indicated that the three-party setup does not always shield (especially immigrant) women from exploitative relationships with some companies violating workers' social rights (Michielsen 2018).

A fourth aspect of the SVS architecture that renders the labour market position of workers more secure and stable, is the full integration of SVS workers into the social security system. Workers accrue social rights for unemployment, pensions, sickness and disability, etc. It may not be surprising then, that research found evidence that SVS workers experience a relatively high level of job satisfaction (Idea Consult 2018; Michielsen 2018). That has been linked to the relatively high degree of autonomy. Working hours are better than cleaning jobs at night or very early morning. SVS workers usually work close to home or their temporary residence in the case of labour immigrants.

Finally, the scheme offers stability and security by not setting any time limits to the use of the scheme by workers. Any worker can be part of the scheme for an indefinite period of time.

[1] 20% tax deductibility is applicable in Flanders (the region with the highest use of service vouchers). For the Walloon region the tax deductibility has been reduced to 10%, and to 15% in the Brussels. See for recent figures and tariffs: https://www.vlaanderen.be/huishoudhulp-betalen-met-dienstencheques/kostprijs-en-belastingvoordeel-van-een-dienstencheque

Research questions

The main question that drives our research is: can precariousness in (subsidized) domestic service work be at all avoided? Kalleberg's (2018) definition of precarious work indicates two main features: one is the quality of the work itself in which "employees bear the risks of work and receive limited social benefits and statutory entitlements". The extensive Belgian legislation tackles this aspect of precariousness and indicates that the SVS performs relatively well in this regard. A second important feature of precarious work is "work that is uncertain, unstable and insecure". We will examine this aspect through empirical data that can indicate whether individuals who are faced with inactivity, long-term unemployment or erratic employment find stable and secure employment through the SVS. The scheme was indeed set up with this goal in mind: to raise employment levels among low-skilled workers and to reduce informal economic activity.

Our two principal research questions are as follows. First, we examine whether the SVS has served those who were envisaged to benefit from it, by analysing the career pathways of those who have entered the scheme. *To what extent has the inflow into the SVS been made up by the long-term non-employed and those exercising an informal economy activity? (RQ1)* For the groups targeted by the SVS, an SVS job which is generally easy to access and requires low qualifications is thought to facilitate individual's labour market integration. This means that those with long non-employment spells with occasional or no employment episodes would have a relatively high incentive to enter the SVS. The same is expected regarding those long-term active in the informal economy; yet, due to the nature of informal activities it is not possible to get a precise picture of their take-up of SVS jobs. Yet, there is also fierce competition for consumer business among SVS companies. These companies face strong pressures to hire the most productive, reliable workers. Such people are likely more easily found among people with work experience, rather than people entering the scheme from non-employment (Michielsen 2018). In short, there are concerns that substitution and deadweight losses, which occur when the SVS attracts workers from another paid job, may be more important than expected (Marx and Vandelannoote 2015; Departement WSE 2018). At the same time, numerous reports have detected a significant increase in the number of labour immigrants entering the SVS (Desiere and Goesaert 2019). Some of these immigrants might enter the scheme relatively early in their integration trajectory, and their profile likely does not match with the original target group of the SVS.

The second research question focuses on the stability of SVS participants' employment. We investigate in which directions workers' careers develop following participation in the SVS. *How long do workers stay employed in the scheme? Does the scheme act as a career stabilizer and offer a way out of precarious unstable employment? Does it offer stable employment? And for whom does the scheme do so? (RQ2)* Earlier studies analysed aggregate employment trends after the introduction of the SVS and found indications of positive employment effects, especially among low-skilled women (Raz-Yurovich and Marx 2018; Desiere and Goesaert 2019). Yet, lack of micro-level data left many questions unanswered. Leduc and Tojerow (2020) were the first to estimate the effect of participation in the SVS on subsequent labour market outcomes of female workers using a difference-in-difference model based on longitudinal data. They show that workers who enter the scheme have a significantly higher probability of being employed both in the short- and the long-term, relative to 'comparable' workers who do not enter the scheme. Yet, these positive employment effects occur only through an increased probability of being employed in SVS jobs. Hence, their findings suggest that the scheme does not act as a steppingstone towards non-subsidized employment. Additionally, they find that SVS participation exerts a strong negative effect on health outcomes of workers which results in higher rates of disability insurance dependency.

Leduc and Tojerow (2020) make an important contribution by identifying the scheme's effect on the subsequent labour market outcomes of women. Yet, we still lack the kind of quantitative research that would allow a systematic and detailed picture of the labour market pathways that lead up to participation in the SVS and enable us to understand how differences in these pathways contribute to divergence in SVS outcomes. Past studies have not considered the often complex and turbulent employment patterns experienced by many SVS workers, distinguishing between workers who experience SVS employment as a short interval in their careers and those with longer spells. This article employs a different approach involving sequence analysis to investigate how participation in the SVS is embedded in the broader context of longer-run career trajectories that unfold over time. We advance our understanding of SVS employment by engaging with its potentially multidimensional, cumulative, and path-dependent aspects. First, we identify a set of typical career pathways that female workers follow surrounding the entry into SVS employment. Second, we quantify the relative incidence of pathway types and describe how they differ with regards to career and wage development. Third, we predict who is more likely to follow which pathway, considering the age, type of household, highest level of education, and native versus immigrant status of workers.

Data and methods

Data and analytical sample

To investigate the above research questions, we use data from a unique merging of the Belgian Labour Force Survey (BLFS) with administrative data from the Labour Market and Social Protection (LM&SP) data warehouse. Our sample comes from the BLFS, a nationally representative survey of around 48,000 private households (or approximately 100,000 individuals) each year, collecting demographic and both general and more detailed data on the employment situation, such as the quality of employment and characteristics of the workplace. The BLFS provides mostly cross-sectional data pertaining to the respondents' employment status at a given point in time. Longitudinal data are needed to analyse the labour market pathways of SVS workers. Hence, we compensate for this limitation by enriching respondents' information from the BLFS with administrative data from the LM&SP. The LM&SP consists of quarterly, linked, administrative data drawn from nearly 20 Belgian social security institutions and provides employment histories of Belgian residents over a considerable time span (1998–2017). Since the same personal identifier is adopted in the BLFS and the LM&SP, the two datasets can be merged, providing longitudinal data on each respondent from 1998 to 2017. The data merging ensures that for the survey years 2008 to 2015, LM&SP data is added to the BLFS data. Combining these years provides a large sample of SVS workers. To extrapolate results from the sample to the broader population, we incorporate the LFS sample weights that reflect the probability of selection into the sample.

Our main objective is to see how labour market pathways unfold for a representative sample of SVS workers before and after entry into the SVS. Given the fact that 98% of the SVS workers are female, we restrict our analysis to observations of women 18 or older who are not students. We drop women over 59 to exclude those who will reach retirement age during the observation period. We select all female workers who enter the SVS at least once between 2004 (the start of the scheme) and 2013. For each SVS worker, we construct a quarter-by-quarter sequence of 33 quarters (or eight years), centred on entry into the first SVS spell. Restricting the sample to individuals who are observed for eight subsequent years is a rather strict sample definition, but necessary to identify reliable 8-year career sequences which provide information about the totality of employment patterns. The final sample consists of 13,218 SVS workers.

For each worker, we construct a sequence through 5 mutually exclusive career states: SVS employment (having a full- or part-time salaried contract within the SVS); other employment (having a full-time or part-time salaried contract or being self-employed, not within the SVS); unemployment (receiving unemployment insurance benefits), inactivity (career interruption, exempted jobseeker, social assistance, disability, professional illness or accident, handicap, other inactive); and unknown (not observed in the Belgian national register). We do not differentiate between full and part-time status for SVS employment as 92% of the SVS workers work part-time (see below). To construct these career states, we use the socio-economic nomenclature developed by the LM&SP to classify individuals' position on the labour market on the last day of each quarter on the basis of all administrative data it collects, giving priority to work over benefits. Our unit of analysis is the resulting sequence of career states.

Identifying labour market pathways of Service Voucher workers

In line with a growing body of literature (Fuller and Stecy-Hildebrandt 2015; McVicar et al. 2019), we employ sequence analysis to identify patterns in labour market pathways. This technique provides a means of measuring the differences between individuals' pathways in a way that captures their full detail. Rather than focusing on singular events, we compare individuals' unfolding experiences and group the most similar ones together.

Sequence analysis is usually carried out in two steps.[2] The *first step* is to assess the dissimilarity between each pair of sequences in the data. As mentioned, we define a sequence as the ordered string of 'states' representing the working career of a SVS worker. Two elements are essential to define a sequence: the period of observation and the set of all possible states. Our observation period is a 33-quarter (or 8-year) window centred on entry into the first SVS spell, and our state space is made up of five mutually exclusive labour market positions: SVS employment; other employment; unemployment; inactivity; and unknown. The pairwise similarity of sequences can be determined with various algorithms (Halpin 2014; Studer 2013), all trying to answer the question: 'How can we turn one sequence into another with the least possible cost?'. This cost is a measure of the minimum combination of elementary operations required to achieve such a transformation. The fewer operations needed to make both sequences equal, the lower the cost, and the more similar sequences are deemed to be. There is no 'best' algorithm for the alignment of sequences, rather the choice depends on what aspect of the sequence the researcher deems more important. We ran our sequence analysis with a variety of matching algorithms[3], and ultimately settled on Lesnard's dynamic variant of the Hamming distance. The Hamming distance manipulates and transforms sequences until they are turned into one another by substituting one state for another. Lesnard's extension of the method is to weigh particular types of substitutions differently to reflect the time-varying probability of transitions between different states. The less likely a transition between two states at a particular time point, the higher the substitution cost (Lesnard 2010). We consider this feature to be important when studying the labour market pathways of SVS workers, as transitions between SVS employment and other forms of employment are markedly different from transitions between SVS employment and unemployment or inactivity. It is important to note, however, that the resulting typology of labour market pathways determined with different algorithms were actually very similar.[4] Ultimately, the dynamic Hamming algorithm generates a distance matrix of interval-level measures of dissimilarity between all the sequences in the sample, based on the

[2] The sequence analysis was performed in Stata using Halpin's (2017) SADI and CLPAM package.
[3] Optimal Matching with insertion/deletion cost 1 and substitution cost 2, Time-Warp Edit Distance with a variety of gap and stiffness parameters, and regular Hamming Distance.
[4] There was almost no difference between Dynamic Hamming, Optimal Matching and regular Hamming. Fit statistics such as discrepancy and average silhouette width (see Studer (2013) for details) were very similar as well.

combination of the number of substitutions needed to transform one sequence into another and the relative weight given to each type of substitution.

In the *second step*, a cluster analysis is performed on the pairwise distance matrix with the aim of grouping the most similar pathways together. We considered two different algorithms: Ward's linkage and Partitioning around Medoids[5] (PAM). Here, we decided to follow Studer (2013) and take the results of an initial Ward's linkage as the starting point for PAM.[6] Partition quality measures revealed that the combination of the clustering algorithms (PAMWARD) provide a much better fit for the data than the initial Ward's linkage. We examined clusters at various levels of aggregation, comparing both changes in objective measures as well as theoretical meaningfulness of different cluster solutions, and ultimately settled on an eight-cluster solution. While each of these clusters entail many different individual sequences that vary in their details, they follow a quite different general pathway that can be identified, described and predicted (Fuller and Stecy-Hildebrandt 2015).

Evidently, our description of the pathway clusters focuses primarily on associated career development – how much time is spent in different career states within each cluster. However, in order to grasp the implications in terms of economic (in)security, we additionally investigate how different pathway clusters compare in terms of their 8-year wage development. When reviewing these results, it is important to note that we describe associations between cluster membership and wages and do not consider important confounding factors. We use the daily wage as available in the LM&SP data warehouse, which represents the wage that a worker would earn if she would have worked a full day as an effective employee (based on a 38-hour week). The daily wage is not equal to the actual wage a worker earns, yet we use this variable as SVS workers are much more likely to work part-time compared to women who work in other jobs (see below). The daily wage is calculated after a deduction of the employer contributions and therefore represents a gross wage. We assign all unemployed and inactive individuals a value of zero daily wage (Fuller and Stecy-Hildebrandt 2015).

Predicting pathway profiles

The *final step* in the analysis is to describe how pathway clusters map onto a rich set of socio-demographic characteristics. Understanding how different factors might set female workers upon one pathway versus another is an important issue to investigate. Based on existing literature on domestic services and precarious work, we focus on age, type of household, level of education and migration background. We additionally control for region of residence. Supplementary Appendix Table S1 provides descriptive statistics for each of these characteristics disaggregated by cluster. Because many of these observed characteristics are correlated with one another, we estimate a multinomial logistic regression model for pathway type. To reduce problems of reverse causality, we focus on characteristics measured in the first quarter of observation (i.e., 16 quarters or 4 years before first entry into SVS employment).[7]

[5] A medoid is defined as the most typical sequence within a cluster, i.e. the sequence having the smallest weighted sum of distances from the other sequences in a cluster.

[6] Although PAM optimizes a global criterion, it can depend strongly on the initial choice of medoids, which is not always optimal. An attractive approach, proposed by Studer (2013), is to first run the Ward's clustering to retrieve the medoids of the solution for the provided number of clusters and then use those medoids as start centres for the PAM partitioning.

[7] For recent immigrants who have an unknown type of household and region of residence because they were living abroad in the first quarter of observation, we instead use the first observed non-unknown value.

Findings

The Service Voucher Scheme attracts women with more vulnerable labour market profiles

Before we examine the labour market pathways of SVS workers, it is useful to better understand how SVS workers differ from other working women. Therefore Tables 1 and 2 show the job characteristics and socio-demographic characteristics of SVS workers versus women working in other types of (manual) employment.

First, SVS jobs clearly differ from other jobs in terms of qualitative characteristics (see Table 1). Overwhelmingly, 92% of SVS contracts are concluded for part-time work. In comparison, part-time jobs make up only about half of all other employment contracts and 60% of the other manual employment contracts. Based on a survey among 3,869 SVS workers in 2018 the vast majority (94%) are satisfied with the number of hours they work (Idea Consult 2018). Our own analysis based on BLFS data (see Supplementary Appendix Table S2) supports this finding: 83% of women working part-time in the SVS report that they do not want to work more hours and choose to work part-time mostly for personal or family reasons. Regarding the share of part-time work, the trends between SVS and non-SVS jobs are rather similar; above one tenth of women work up to 45% time, about a third work up to 55% time, and more than half work up to 95% of the working week. Finally, on average, SVS employees earn lower wages than non-SVS workers, but the difference is not as substantial as one might expect. The daily wage represents the wage that a worker would earn if she would have worked full-time. While SVS-employed women earn, on average, a gross wage of €75 per day, among other manually employed women it amounts to €83 per day. SVS wages are clearly situated in the lower end of the distribution, however, they turn out to quite close to similarly employed women.

[Table 1 about here]

Table 2 presents socio-demographic statistics at the end of 2003 for several groups. It compares women aged 18 to 59 who will enter the SVS at least once between 2004 and 2017 with (1) those who will eventually be employed but never in the SVS (2); those who will eventually be employed in a manual job but never in the SVS (3); and those who will never be employed during our observation window (4). First, the results show that women who enter the SVS are younger than women who never participate in the scheme. Subsidized workers are also more often than other workers unmarried with children and single mothers. As discussed in Section 3, there has been an increasing inflow of immigrants into the SVS, which is also reflected in our data. We can see that women who have experience with SVS work more often resided abroad in the past (unknown household type in 2003). This points to the overrepresentation of first-generation immigrant women among SVS workers as compared to other types of employment. In terms of the composition by origin, SVS workers are comparable to the women who will never work and who remain mostly inactive.

We also observe strong differences regarding educational profile. SVS workers are on average lower educated than non-SVS workers: 47% of SVS workers have attained no more than a lower secondary education, another 46% possess a higher secondary degree, and only 7% have obtained a tertiary degree. In terms of skills, SVS workers are most comparable with women who will eventually work in manual work other than SVS. Finally, regarding labour market position in 2003, Table 2 indicates that women who eventually enter SVS are much less likely to be employed and more likely to be unemployed or inactive. They are also much more often unknown to the Belgian national register, which once again reflects their foreign-born origins.

[Table 2 about here]

In sum, compared to women who never enter the scheme, SVS women are more often working in a segment of the labour market characterized by part-time work and lower wages, although wage levels are not much lower compared to other manual work. The results additionally demonstrate that SVS workers are clearly negatively selected with respect to characteristics that strongly determine job opportunities in the Belgian labour market; they are more often young, unmarried with children or single mothers, low-skilled, and first-generation immigrants. Therefore, SVS women more often start out as unemployed or economically inactive before entering the scheme. These results already indicate that women who eventually enter the SVS are more likely to originate outside of or from the bottom end of the labour market. Yet, we should not neglect the fact that nearly four out of ten workers enter the SVS from other forms of employment. We turn to exploring these dynamics using sequence analysis.

The Service Voucher Scheme offers stable employment for women at the fringes of the labour market, yet many women enter from relatively stable employment careers

We employed sequence analysis to create a typology of career pathways, focusing exclusively on women who entered the SVS between 2004 – the start of the scheme – and 2013. We now discuss each of the pathway clusters emerging from our typology, focusing on the time spent in the different career states as well as the associated wage trajectories. Figure 2 provides a graphical representation of the pathway types using state distribution plots. State distribution plots give a good overview of the time point–specific distribution of labour market states. Similar state distribution plots can mask very different individual sequences, because they contain no information about how individuals transition back and forth between states over time (Fasang and Liao 2014). Therefore, we additionally provide a visualisation of the distinct clusters using sequence index plots[8] in the Supplementary Appendix Figure S1. Table 3 labels the distinct clusters from the resulting typology and presents quantitative summary measures on their relative size, medoid (most typical) sequence and labour market state composition. Figure 3 presents the evolution of the average daily gross wage by pathway type over time.

[Figure 2 about here]

[Table 3 about here]

Cluster (pathway type) 1: Redirection

The largest cluster, which accounts for 28% of the sample, groups together pathways that are dominated by a transition from long spells of employment to a long and stable spell of SVS employment. On average, the daily wage in the pre-SVS period shows a rising trend but decreases sharply prior to the

[8] The sequence index plot graphs horizontal stacked bars across the x-axis which represents the order in sequences, usually time. Each stacked bar represents one sequence. The y-axis shows N individual sequences. Importantly, these plots are affected by overplotting: in some cases, multiple states are plotted on top of each other, leading to a graphical bias in the representation of individual sequences. This is a common issue arising in large samples (Fasang and Liao, 2014). Therefore, we encourage to reader to interpret the sequence index plots together with the state distribution plots.

SVS entry. This is indicative of the fact that some women in this cluster experience a short non-employment spell before their new job. Subsequently, the average daily wage in the scheme reaches consistently higher levels than in the pre-SVS period and remains steady throughout the following years. We explain this wage stability with much rarer career interruptions by non-employment than during the previous employment experience. Importantly, the large size of this cluster indicates that the quality of social protection, pay and job stability provided by the SVS compare well with low-skilled jobs in the regular labour market. At the same time, this pattern reveals that some women who get hired for an SVS job may have been employed anyway.

Cluster 2: Inactivity exit

Another 17% of women use the SVS as an exit plan from economic inactivity. The second largest cluster is dominated by transitions from inactivity to long and stable SVS employment – although in some cases with switches back and forth to inactivity. Prior to SVS entry, the average wage slightly increases, as some women proceed to enter other types of employment before transitioning into the scheme. Stable and rarely interrupted careers in the SVS then result in a sharp increase in the average wage which remains relatively constant in the long run. There is, therefore, evidence from a pathways' perspective that SVS jobs can serve as entry into the labour market for the long-term inactive.

Cluster 3: Break

A short-term work experience in the scheme which is preceded and subsequently followed by other types of employment is also one of the most common career patterns, as it contains about 15% of women. For the workers in this cluster, the SVS job creates a temporary break in their regular employment careers. Moreover, prior to SVS entry, part of the women had employment which was interrupted by episodes of non-employment. Given that these trajectories were more volatile than those in the redirection cluster, daily wages prior to SVS were on average also comparatively lower. We can assume that these women utilize the SVS job as a career stabilizer and a wage booster. Most of all, it is a tool to subsequently transition to another job outside of the scheme. This strategy seems to work well, since women secure jobs that are less volatile in the post-SVS career than they were prior to it, leading to higher average wages.

Cluster 4: Unemployment exit

This cluster gathers women who develop a stable SVS career after long periods of unemployment who amount to 13% of our sample. Similar to the inactivity exit, this transition is also accompanied by an important boost in average wages. In contrast to the previous clusters, however, the average wage after SVS entry progressively declines. In fact, while long-term inactive women remain rather consistently outside of the labour market, many more of the long-term unemployed have volatile careers swaying in and out of the labour market. These unstable career tendencies may subsequently be reflected in the SVS careers and wages. In sum, SVS appears less effective as a bridge to subsidized employment for women entering from volatile unemployment situations as opposed to those who have been long-term economically inactive or employed. Still, this trajectory is a fairly successful one, as it provides a relatively stable job and wage to a large proportion of previously unemployed women.

Cluster 5: Integration

The SVS is often the first entry point to the Belgian labour market for recent immigrants, as it secures regular employment while being easy to access. Immigrants who fare best in terms of a stable SVS career are those who enter the scheme shortly after arrival to Belgium, as opposed to those who remain inactive for some time after settling. At the same time, average wages in this cluster reflect that a quick entry into the scheme is associated with steady income levels over time.

Cluster 6: Return to inactivity

In contrast to the previous pathway types, clusters 6 to 8 show pathways in which subsidized employment does not result in a durable employment career. Careers depicted in cluster 6 are characteristic for over 7% of women. These enter a short spell in the scheme from previous unemployment or inactivity and subsequently transition back to economic inactivity. The experience of employment in the SVS does not have lasting beneficial effects for their labour market attachment. In the same way, the average daily wage increases significantly after the women enter the scheme but falls back to the earlier levels as women progressively exit the labour market.

Cluster 7: Return to unemployment

In this cluster, women enter the SVS from very unstable employment careers, interrupted by many instances of unemployment and inactivity. They presumably decide to enter the scheme to escape this long-term uncertainty, which turns out to only be a temporary solution. On top of that, their post-SVS careers are characterized by even longer unemployment and hardly any employment episodes. This might indicate that, on the one hand, these women use the SVS job experience to accumulate the rights for unemployment benefits. On the other hand, it might also mean that an SVS job experience sends women with very volatile careers into a spiral of non-employment instead of enabling their transition to a better job. This is the only cluster where the employment and wage situation of women reach worse levels four years after their SVS entry than was the case prior to it. In this regard, this cluster has the least desirable outcome. It affects over 6% of women who have an SVS experience.

Cluster 8: Challenged integration

The last career pattern is the second type typical for recent immigrants. For these workers, however, the SVS is a short-lived solution. After spending long periods in economic inactivity, their short experience in the scheme is followed by non-employment and an unstable career. Due to this precarious trajectory, the average wage in this cluster after the SVS exit is just a tad higher than for those who return to inactivity and unemployment. In contrast to the more successful integration cluster, immigrants who end up trapped in non-employment enter the scheme with important delays since migration. This might be partly due to the lack of other, more fitting employment options, pushing them to enter the SVS as a last resort.

[Figure 3 about here]

Who follows which pathway?

Having described each cluster, we now outline some general trends and predict which characteristics are associated with each of these pathways. Table 4 presents marginal effects derived from a multinomial logistic regression. The predictors we include are age, household type, highest level of education, migration background and region of residence. Marginal effects measure the effect of the covariate on the independent probability of being observed in that pathway type at specified covariate values. Marginal effects are sensitive to other covariate values and are not necessarily linear in their effect. We estimate average marginal effects (AME's), which represents the effect averaged across the values of the other covariates in the model.

We find that two clusters are dominated by employment: the largest *Redirection* cluster groups together those who make a transition from other employment into long and stable SVS employment, while the smaller *Break* cluster represents those who experience a rather short spell of SVS employment in between periods of other employment. Together these career patterns account for 43% of the women in the sample. While employment is clearly the predominant state in the careers of women in these clusters, employment spells are not necessarily all continuous. Many careers – especially in the *Break* cluster –

are frequently interrupted by spells of unemployment and economic inactivity. From our regression, we learn that medium-skilled native women who live in a household with a partner are more likely than their counterparts to belong to employment-dominated clusters. The SVS break in between other employment also tends to affect single and slightly younger women.

Patterns providing stable attachment to the subsidized labour market for women in vulnerable positions are found across two clusters. The *Inactivity Exit* cluster is made up by long-term inactive women who enter the SVS, whereas the *Unemployment Exit* cluster is made up by persistently unemployed women who transition into the SVS. The common pattern is that workers move from a career dominated by non-employment to a career dominated by SVS employment. Importantly, in neither of these clusters does SVS employment act as a bridge or steppingstone to 'regular' employment in the labour market. Most women end up in relatively stable and long-term subsidized employment, in line with results from Leduc and Tojerow (2020). The clusters providing 'stable' subsidized employment to persistently non-employed women together account for around 30% of the sample. The likelihood of an *Inactivity Exit* career is relatively higher for first-generation immigrant women, those aged between 35 and 49 and low-skilled, who mostly look for ways to exit their long-term motherhood-related inactivity. Married women with children are more likely to develop this pathway than unmarried or single mothers, as they tend to be more affected by inactivity in the first place. On the other hand, the *Unemployment Exit* pathway is more likely to occur among single low-skilled mothers who have a native or second-generation immigrant background and who opt for the SVS to manage their precarious economic situation as single breadwinners.

We also observe distinct clusters for pathways in which the SVS does not offer durable employment to non-employed women and only involves a short interval in SVS employment. Long-term inactive women who recede to the same state after a short amount of time in the SVS are grouped together in the *Return to Inactivity* cluster. The *Return to Unemployment* cluster on the other hand is made up by women who have careers dominated by unemployment, but with some recurring employment spells. They tend to experience a short-lived spell of SVS employment and ultimately end up (back) in unemployment or even leave the labour market. These 'unstable' clusters are smaller in size compared to the 'stable' clusters and together account for 14% of the sample. Common significant predictors for these clusters are being young (aged between 18 and 34) and low-educated. First- and second-generation immigrants from non-EU backgrounds are more likely to follow *Return to Inactivity* pathways, whereas natives and second-generation immigrants more often end up in *Return to Unemployment* pathways.

Finally, two clusters are of particular importance for recent immigrants. The *Integration* cluster is dominated by recent immigrants who enter long and stable SVS employment, either directly after settling in Belgium or after a short period of inactivity. In contrast, the *Challenged Integration* cluster groups together recent immigrants who spend relatively more time in inactivity after arrival, experience a short spell of SVS employment, and transition (back) into inactivity or other types of employment thereafter. EU immigrant women have higher chances to enjoy stable integration careers than those born in third countries. In contrast, the likelihood to endure challenges following the SVS experience is comparatively higher for non-EU immigrants. Also, younger immigrants are more likely to enter the scheme sustainably after arrival to Belgium. For most immigrants, the SVS proves to be an effective way to enter the Belgian labour market. There is a price to pay, however, as highly educated women are overrepresented in these clusters relative to their proportion among all SVS employees combined (see Supplementary Appendix Table S1).

[Table 4 about here]

Discussion and conclusion

Belgium's SVS came into existence with the noblest of objectives: to offer the prospect of a decent job to people, especially women, who might otherwise be condemned to a life at the fringes of the labour market or outside of the world of (formal) work altogether. Belgium's heavily subsidized and regulated SVS arguably offers some of the best domestic work conditions in the world. It has also become a massive success among consumers with close to one in four Belgian households employing a domestic worker under the scheme. This paper looks at the career trajectories of SVS workers. Do SVS jobs offer a way out of exclusion or precariousness?

Our analysis shows that an important share (44 percent) of the workers enter the SVS from weak and marginal labour market situations, either from long-term inactivity or long-term unemployment and highly erratic employment. Going back to Kalleberg's (2018) definition of precariousness, the Belgian SVS does offer work that is 'certain, stable and secure'. The scheme also ensures full social benefits and statutory entitlements. However, not all disadvantaged workers improve on their situation – roughly one third end up back into the fringes.

Additionally, our analysis also shows that people enter SVS work from much less precarious situations, such as from regular employment[9], often even from relatively continuous employment trajectories. The fact that a significant number of SVS workers come from relatively steady non-SVS jobs is clearly at odds with the original objective of offering a steppingstone to those seemingly condemned to a life at the margins of the labour market. It was never the intention of policy makers that people would switch from jobs yielding tax revenues and social security contributions to heavily subsidized jobs, exactly because the latter cater to people with few alternative options jobwise. In other words, the deadweight cost – in economist's parlance – seems to be quite significant. This raises the question whether SVS jobs are simply not too attractive. One could argue of course that a job can never be "too good" but if the consequence is that the prime target group is crowded out then policy is facing a dilemma. There is certainly anecdotal evidence that SVS companies prefer to hire workers with established employment histories. These people are simply regarded as more productive, more reliable and attuned to the rhythm and demands of formal employment.

Finally, the scheme seems to play an ambivalent role in the labour market integration of recent immigrant women. Clearly, most of the newcomers enter SVS employment after a considerable amount of time in inactivity. This seems to correspond to the SVS policy profile. However, a significant share of newcomers – most of them born in EU countries – enter the scheme relatively soon after arrival. These immigrants might have succeeded in landing a steady non-subsidized job if the SVS had not existed. A substantial share of these newcomers is high-skilled, so it is questionable whether entering the scheme is the best option for them, even if it leads to stable and secure subsidized employment. At the same time, for a smaller group of female newcomers entering the SVS does not ensure an effective integration into the labour market. Most of them exit back into inactivity after experiencing a short spell in SVS employment. Overqualification issues seem to play an important role, as nearly one in five of these immigrant women are tertiary educated.

To conclude we ask whether the SVS offers an example to emulate across the rich world. There can be little doubt that SVS jobs are of very good quality in terms of pay, social benefits and labour protection. But this brings problems. Many workers enter the highly subsidized scheme from regular non-subsidized jobs. That was never the intention. Also, many people stay in SVS jobs for a relatively long time. Such career stability is a good thing for those coming from prior trajectories marked by instability, uncertainty and precarity. But it is also true that many – especially immigrant – women with relatively

[9] On average between 2004 and 2013, 31 per cent of women have entered the SVS from a situation of having regular employment in the previous quarter (see Supplementary Appendix Figure S2).

high levels of education get trapped in domestic work for which they are effectively overqualified. In that sense the scheme can in effect be seen as a case of institutionalized second-tier employment. More than half of SVS workers have completed at least secondary education. Almost one in ten has a higher education degree (but in the case of migrants such qualifications are not always recognized). That is again an indication that the scheme caters only to a limited extent to what originally envisaged to be the main target group: women with very limited education and few opportunities in the regular labour market.

The three-party setup of the SVS, in which individual consumers do not act as direct employers of workers, has major advantages. Consumers can outsource the hiring, monitoring and control of workers. This is all taken care of by the SVS company. Consumers enjoy a continuous service and have close to no administrative costs or worries. The three-party setup also has major benefits for the SVS worker. She does not have to look for clientele herself, and she is typically ensured a steady flow of work. She also enjoys having her contractual and administrative requirements professionally handled, and she receives full social insurance benefits. But at the same time, this setup creates intense competitive pressures among SVS companies. This situation is good for consumers, and it is good for SVS workers fortunate enough to be healthy and productive. The productive demands this set-up brings are less advantageous for the people that were targeted by the scheme in the first place: low-skilled women at the margins of the labour market.

Taken together, the SVS can be seen as a case of policy overshooting. A strong case could be made for far stricter entry criteria or lower subsidization levels. Given the high current subsidization level it would make sense to restrict access to service jobs to those coming in from (extended) spells of unemployment or economic inactivity. One could even contemplate barring entry to those with advanced levels of education unless perhaps they have demonstrable difficulties obtaining a steady non-subsidized job, as in the case of migrants. At the same time, it would make sense to provide continuous education and training to lower skilled SVS workers to enhance their chances for upward mobility.

All this is unlikely to happen. The scheme in its current guise has become extremely popular among Belgium's affluent middle classes swaying decisive electoral power in a highly competitive electoral landscape. Consumers care most about the quality and continuity of the services provided to them. They care less about the social objectives of the scheme, in so far that they are even still aware of those. Any policy intervention jeopardizing the steady delivery of quality service will be strongly resented. The SVS has in effect become the third rail of Belgian politics: touching it spells certain political trouble.

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Tables

Table 1. Job characteristics of SVS workers compared to other female workers

	SVS employed	**Other employed**	**Other manual employed**	**Total**
Type of contract (%)				
Full-time	8.2	48.0	34.7	46.2
Part-time	91.8	49.6	59.9	51.5
Special (temporary)	0.0	2.3	5.4	2.2
Share of part-time work (%)				
0<-<45%	14.2	11.5	16.9	10.5
45-<55%	27.9	30.6	33.5	29.9
55-<95%	52.9	51.4	40.4	53.7
>= 95%	5.0	5.8	9.2	5.8
Mean gross daily wage (€)	74.6	119.0	82.7	111.5
Daily wage quartiles (€)				
[0-80[	46.2	17.5	37.7	18.8
[80-105[	53.1	26.7	48.0	27.9
[105-140[	0.7	27.9	12.8	26.7
[140+[	0.0	27.8	1.4	26.6
Number of person-quarters	**307,838**	**7,635,464**	**1,310,439**	**7,943,302**

Notes: Job characteristics are measured in the period 2004-2017. The daily wage represents the wage that a worker would earn if she would have worked a full day as an effective employee (based on a 38-hour week).

Table 2. Socio-demographic and socio-economic characteristics of "ever in SVS" workers and comparison groups

	Ever in SVS	Ever in employment, never in SVS	Ever in manual employment, never in SVS	Never in employment
Age				
18-24	23.7	12.6	18.3	5.8
25-34	35.1	28.2	28.8	10.7
35-49	38.7	42.6	40.2	33.2
50+	2.5	16.6	12.7	50.3
Position in the household				
Married with children	38.6	47.9	42.8	36.8
Married without children	5.7	12.8	12.5	26.9
Unmarried with children	8.8	6.1	6.8	1.8
Unmarried without children	4.6	6.2	6.2	1.7
Single parent	15.4	11.6	14.5	7.6
Single	5.7	9.9	9.6	7.7
Other	1.9	1.5	2.1	1.3
Unknown	19.2	4.0	5.5	16.2
Region of residence				
Flanders	43.6	47.0	51.0	38.0
Brussels	12.4	22.4	17.1	16.2
Wallonia	23.4	26.2	25.5	29.3
Unknown	20.5	4.5	6.4	16.6
Highest level of education				
Low-skilled	46.8	22.3	42.7	58.9
Medium-skilled	45.8	36.5	44.6	27.3
High-skilled	7.4	41.3	12.7	13.8
Migration background				
Native	57.8	77.7	69.5	63.5
Second-generation EU	6.9	6.7	6.9	5.2
Second-generation non-EU	2.1	2.6	3.5	1.1
First-generation EU	14.8	6.0	6.8	13.9
First-generation non-EU	18.4	7.0	13.2	16.3
Labour market position				
Employed	39.1	76.2	62.7	0.0
Unemployed	18.0	6.8	12.7	7.4
Inactive	23.0	12.7	18.6	76.5
Unknown	19.9	4.3	6.0	16.1
Number of persons	**14,691**	**165,812**	**52,822**	**44,824**

Notes: 'Ever in SVS' are women who enter SVS employment at least once during the observation window; 'Ever in employment, never in SVS' are women who enter employment at least once but who never enter the SVS during the observation period; 'Ever in manual employment, never in SVS' are women who enter manual employment at least once but who never enter the SVS during the observation period; 'Never in emp' are women who never enter employment during the observation period. The observation period is 2004-2017. The highest level of education obtained is self-reported and measured at the time of the BLFS. All other characteristics are evaluated in the last quarter of 2003, before any women enters the SVS. Low-skilled captures ISCED 0-2, medium-skilled captures ISCED 3-4 and high-skilled captures ISCED 5-7. 'Other' position in the household includes women living in a collective household, women living within another household, and those who do not belong to any other category. 'Unknown' position in the household and labour market refers to women who were not observed in the Belgian national register in the last quarter of 2003 (i.e. who were not living in Belgium). Natives are women who are born in Belgium and of which all parents are also born in Belgium; first-generation immigrants are women who are foreign-born; second-generation immigrants are women who are born in Belgium and of which at least one parent is foreign-born.

Table 3. Pathway cluster characteristics

	Cluster size	% of the sample	Modal sequence type	% Quarters in state				
				SVS employment	Other employment	Unemployment	Inactivity	Unknown
(1) Redirection	3,707	28.1	EM → SVS	45.1	42.2	6.0	6.6	0.2
(2) Inactivity exit	2,251	17.0	IN → SVS	44.9	6.2	4.1	43.4	1.4
(3) Break	1,925	14.6	EM → SVS → EM	10.2	68.5	9.9	10.6	0.8
(4) Unemployment exit	1,734	13.1	UE → SVS	43.8	8.7	39.4	7.9	0.1
(5) Integration	1,369	10.3	UN → SVS	44.8	4.0	1.3	10.3	39.5
(6) Return to inactivity	979	7.4	IN → SVS → IN	10.4	13.2	9.0	66.3	1.2
(7) Return to unemployment	857	6.5	UE → SVS → UE	8.8	15.0	51.6	24.6	0.1
(8) Challenged integration	396	3.0	UN → IN → SVS → IN	14.6	11.3	3.2	39.7	31.3
All SVS workers	**13,218**	**100.0**	**EM → SVS**	**34.1**	**27.1**	**12.9**	**20.2**	**5.7**

Note: ‘EM’ is other (non-SVS) employment; ‘SVS’ is SVS employment; ‘UE’ is unemployment; ‘IN’ is inactivity; ‘UN’ is unknown.

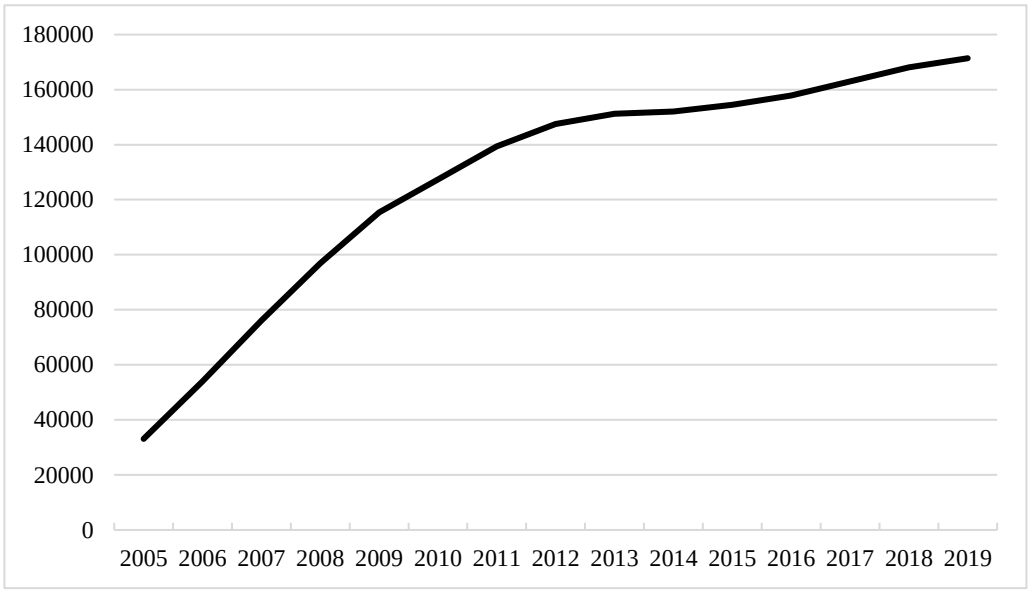
Table 4. Factors predicting pathway (cluster) type (average marginal effects)

	Redirection		Inactivity exit		Break		Unemployment exit		Integration		Return to inactivity		Return to unemployment		Challenged integration	
Age (35-49)																
18-24	-0.119	***	-0.064	***	0.064	***	-0.002		0.032	*	0.026	*	0.045	***	0.018	**
25-34	-0.074	***	-0.012		0.014		0.002		0.011	*	0.021	*	0.033	***	0.004	
50+	-0.060		0.056		-0.017		0.008		-0.012		0.045		0.045		-0.012	
Household type (married with children)																
Married without children	0.037		-0.034		-0.002		-0.016		0.040	***	-0.043	***	-0.011		0.030	***
Unmarried with children	0.002		-0.090	***	0.057	**	-0.007		0.046	**	-0.004		0.003		-0.006	***
Unmarried without children	0.058		-0.138	***	0.021		-0.010		0.094	***	-0.059	***	0.002		0.032	*
Single parent	-0.062	***	-0.130	***	0.003		0.137	***	-0.006		-0.015		0.078	***	-0.005	
Single	-0.055	*	-0.127	***	0.047	*	0.081	***	0.052	***	-0.027		0.027	*	0.001	
Other households	-0.052		-0.064	*	0.029		-0.031		0.111	***	-0.001		-0.020		0.028	***
Highest level of education (low-skilled)																
Medium-skilled	0.051	***	-0.020		0.042	***	-0.030	**	0.013		-0.026	**	-0.030	***	0.000	
High-skilled	-0.012		-0.016		0.062	*	-0.039	*	0.016		-0.040	**	-0.011		0.009	
Origin (native)																
Second-generation EU	-0.000		0.017		-0.017		0.020		0.003		-0.011		-0.009		-0.002	*
Second-generation non-EU	-0.136	**	0.005		-0.073	*	0.030		0.020		0.036		0.122	***	-0.002	*
First-generation EU	-0.197	***	0.072	***	-0.148	***	-0.061	***	0.340	***	-0.020	*	-0.029	**	0.043	**
First-generation non-EU	-0.235	***	0.111	***	-0.119	***	-0.044	**	0.175	***	0.051	***	-0.026	**	0.085	***

Notes: The model also includes dummy variables for region of residence. * p < .05, ** p < .01, *** p < .001.

Figures

a.



b.

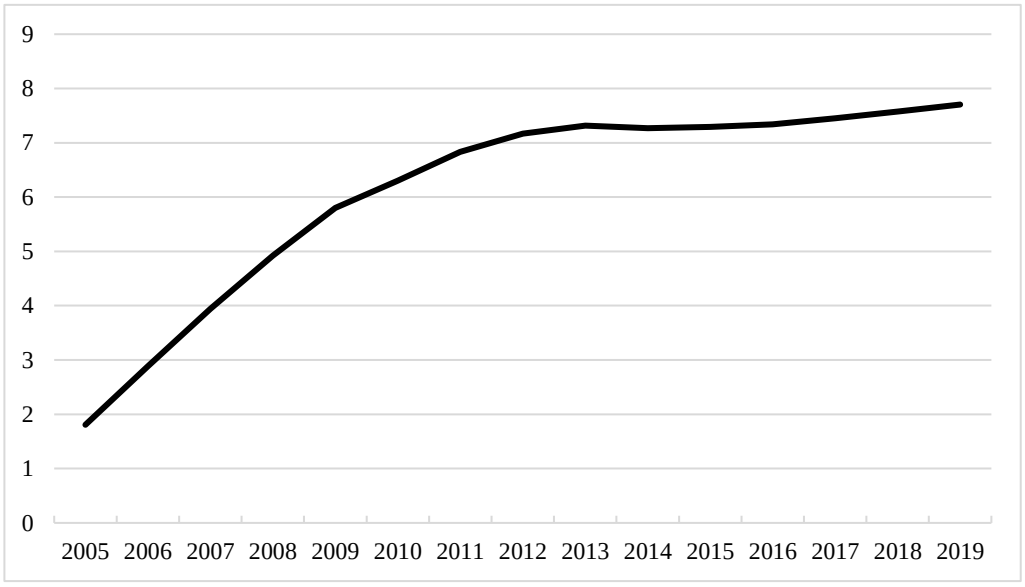


Figure 1. Evolution of the number of SVS female workers over time (a.) and share of SVS female workers (%) among all working women over time (b.)

Notes: Based on the LM&SP population data from the Crossroads Bank for Social Security (CBSS). The data are observed on the last day of each year.

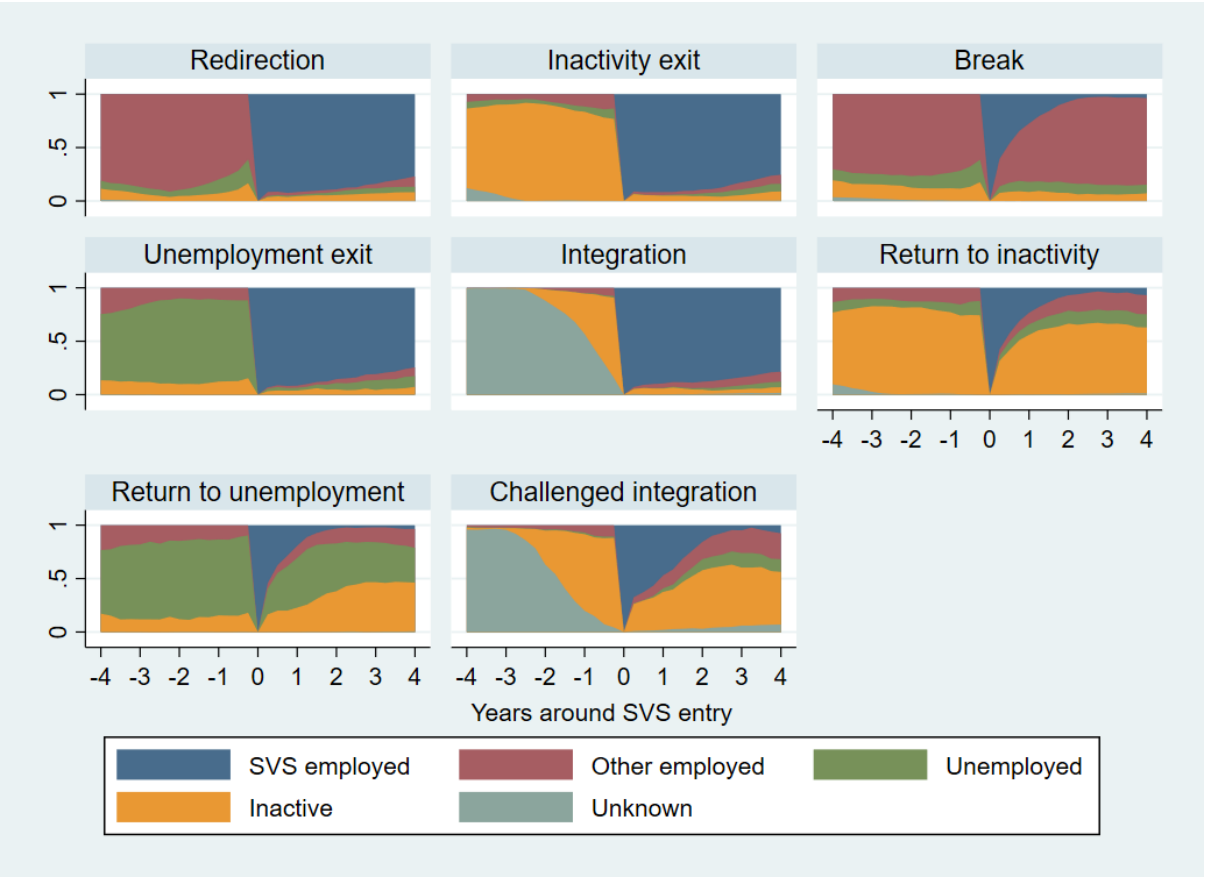


Figure 2. Typology of labour market pathways (eight-cluster solution): state distribution plots

Note: this graph presents the time-dependent distribution of the state variable by cluster.

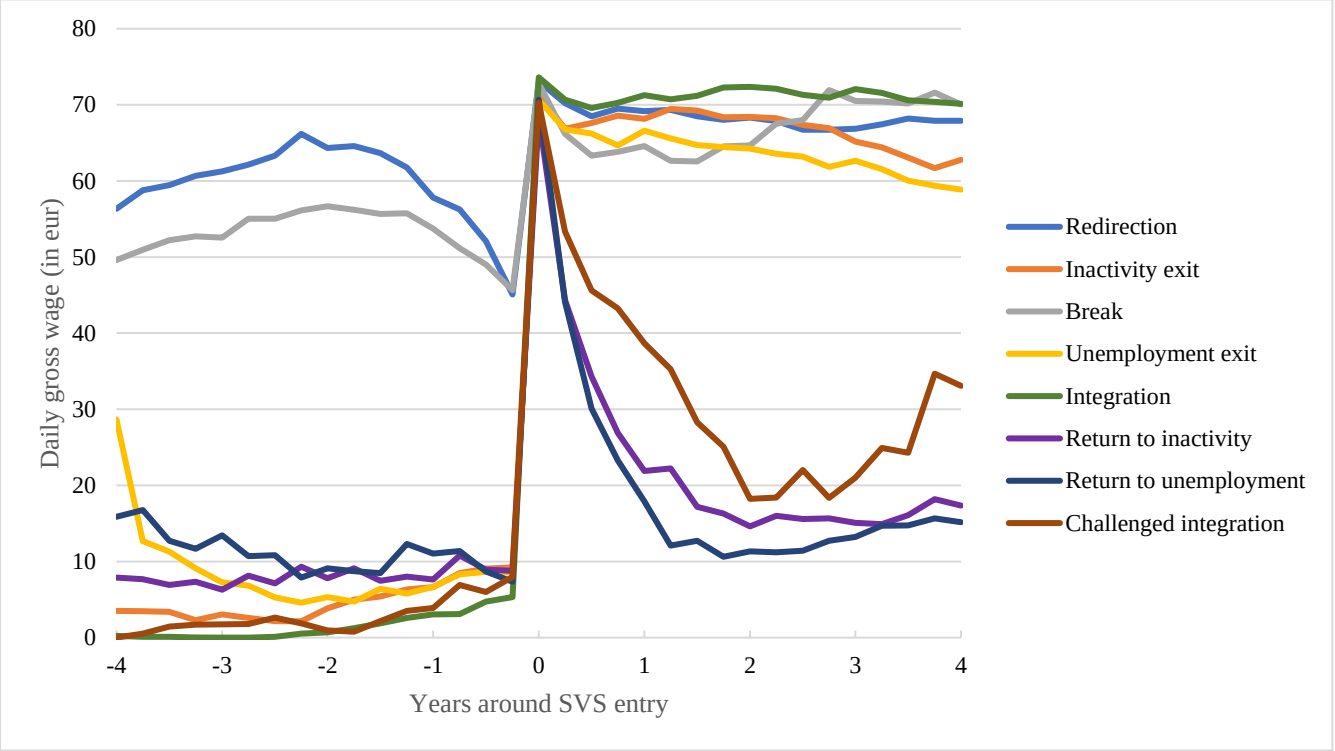


Figure 3. Average daily gross wage by pathway (cluster) type over time

Supplementary appendix

Table S1. Descriptive statistics by pathway type

	Redirection	Inactivity exit	Break	Unemployment exit	Integration	Return to inactivity	Return to unemployment	Challenged integration	All SVS workers
Age									
18-24	15.7	13.5	27.5	19.4	29.9	22.3	28.5	35.8	20.9
25-34	31.9	37.1	34.3	35.3	39.3	39.4	42.9	37.1	35.7
35-49	50.0	46.1	36.4	42.8	29.0	35.1	27.5	26.2	41,0
50+	2.5	3.3	1.9	2.5	1.8	3.2	1.1	0.9	2.4
Position in the household									
Married with children	48.3	59.5	40.4	33.0	27.3	50.4	29.2	25.8	43.1
Married without children	8.9	11.1	7.1	4.5	14.9	6.1	3.6	28.3	9.1
Unmarried with children	12.3	8.1	16.3	8.6	7.6	12.5	9.9	3.2	10.8
Unmarried without children	7.5	2.9	8.1	3.9	9.6	2.7	4.8	9.1	6.1
Single parent	15.2	9.3	16.4	38.1	6.1	16.8	42.1	5.8	17.8
Single	6.0	5.0	8.8	10.8	14.1	6.8	9.6	7.7	8.1
Other	1.8	4.2	2.9	1.1	20.5	4.7	0.9	20.2	5.0
Region of residence									
Flanders	65.3	48.0	63.5	31.6	36.6	51.1	27.8	43.1	50.9
Brussels	12.8	26.8	18.5	14.9	57.4	22.2	18.7	43.4	22.9
Wallonia	22.0	25.2	18.0	53.5	6.0	26.7	53.5	13.5	26.3
Highest level of education									
Low-skilled	42.8	49.6	37.4	53.8	41.7	55.6	58.2	45.5	46.4
Medium-skilled	52.6	41.1	55.9	41.3	43.1	39.5	35.9	35.5	46.3
High-skilled	4.6	9.3	6.7	4.9	15.2	4.9	5.9	19.0	7.4
Migration background									
Native	76.3	47.5	76.3	66.9	1.5	55.5	65.3	3.9	58.1
Second-generation EU	8.5	6.5	7.1	12.3	0.2	5.9	9.5	0.0	7.2
Second-generation non-EU	1.4	1.9	1.8	2.9	0.4	3.4	8.4	0.0	2.2
First-generation EU	7.3	18.0	5.3	7.8	59.5	9.3	7.2	26.5	15.1
First-generation non-EU	6.5	26.1	9.4	10.1	38.3	25.9	9.7	69.6	17.4

Table S2. Part-time work in SVS employment compared to other female workers

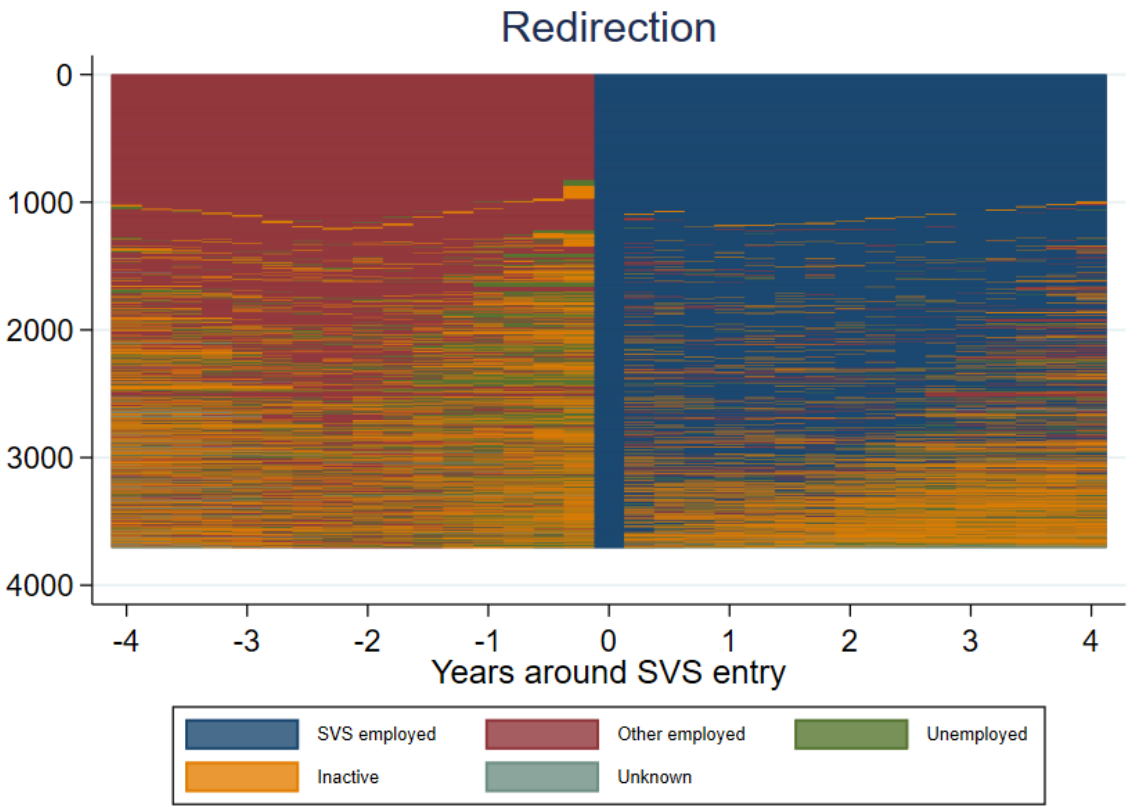
	SVS employed	Other employed	Other manual employed
Type of contract (%)			
Full-time	25.1	57.6	43.1
Part-time	74.9	42.4	56.9
N	**1,037**	**17,825**	**2,360**
Want to work more hours (%)			
No	82.5	87.5	84.0
Yes	17.5	12.5	16.0
Main reason for working part-time (%)			
Pension	0.5	0.9	0.6
Cannot find full-time emp	13.5	6.9	10.1
Economic reasons	0.2	0.7	1.0
Combining with other part-time job	2.9	3.6	2.7
Combining with studies or training	0.7	0.8	0.6
Health reasons	8.7	5.3	8.5
Professional reasons	0.5	0.8	0.6
Family care	21.7	24.6	18.0
Other personal or family reasons	19.7	25.9	20.5
No wish for full-time employment	11.0	8.3	9.9
Other reasons	3.3	4.2	4.0
Job only offered part-time	17.4	18.0	23.5
N	**772**	**7,168**	**1,374**

Notes: SVS employment is defined based on the LFS question 'Are you employed on a service voucher contract?'. Statistics Belgium reported that this question suffers from quality issues, hence the results displayed in this table should be considered as indicative. Note that – except for this table – in the article we use the administrative data from the LM&SP to identify SVS workers.

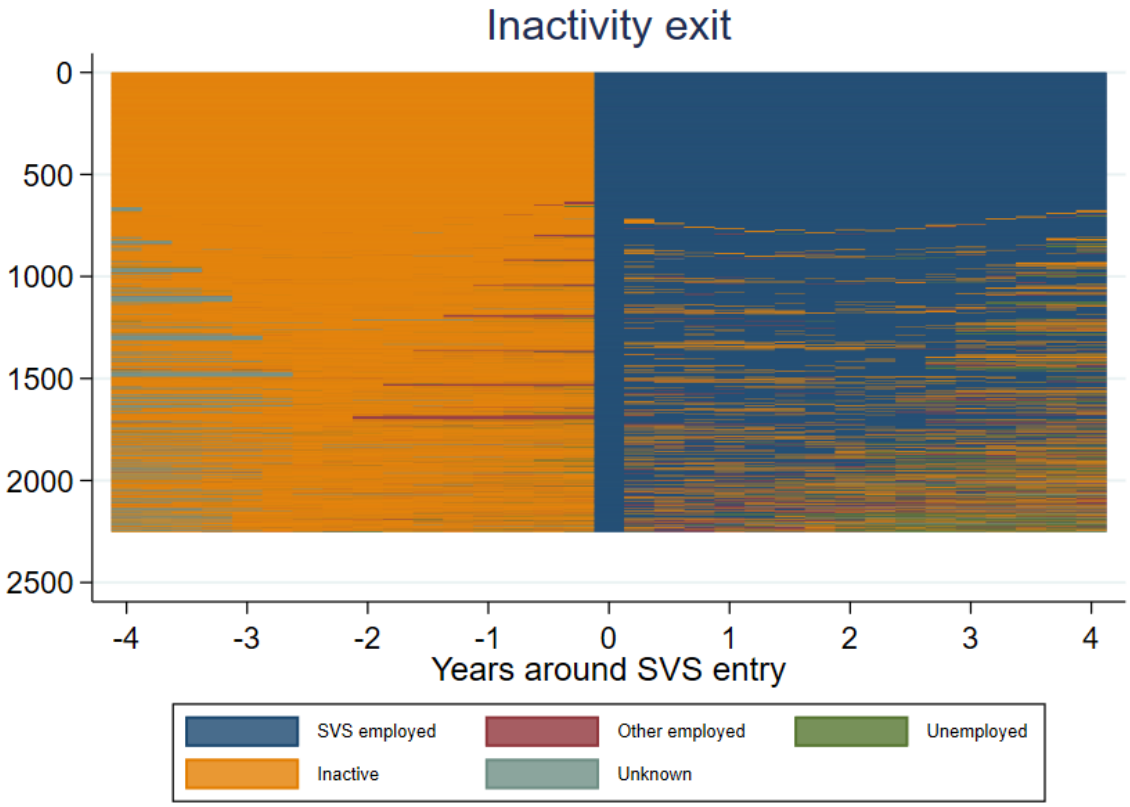
Source: BLFS 2016

Figure S1. Typology of labour market pathways (eight-cluster solution): sequence index plots

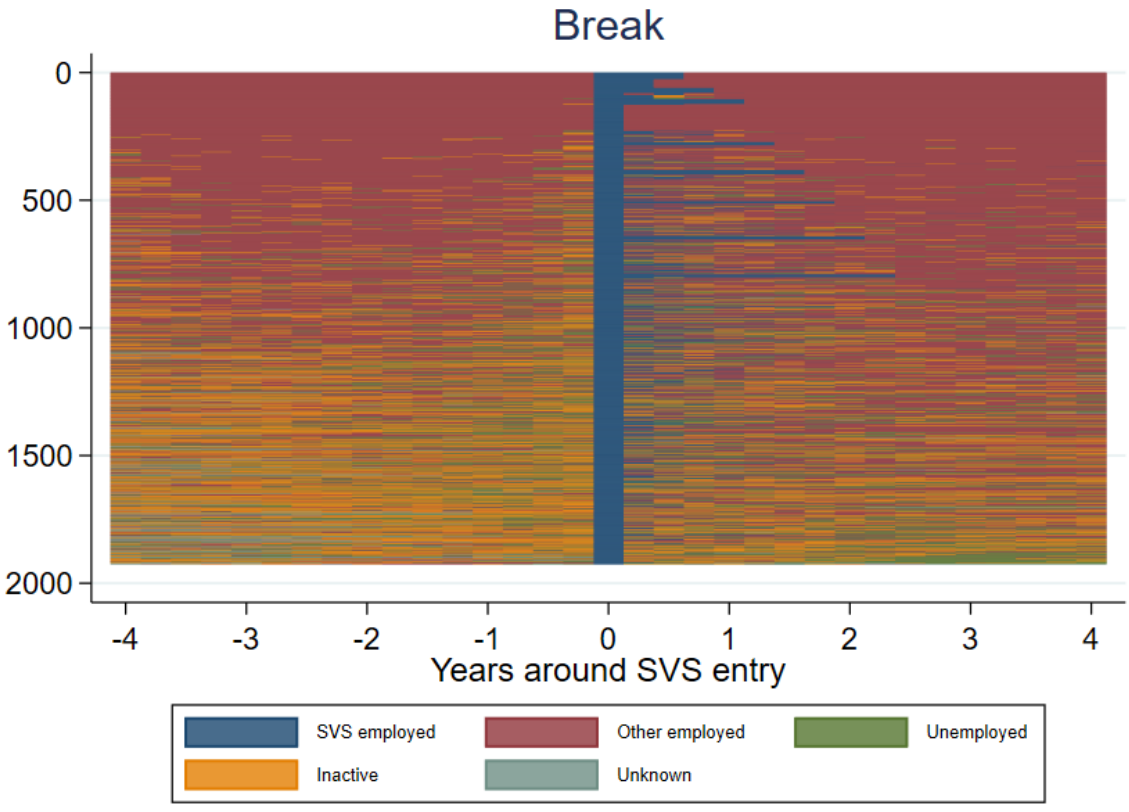
a.



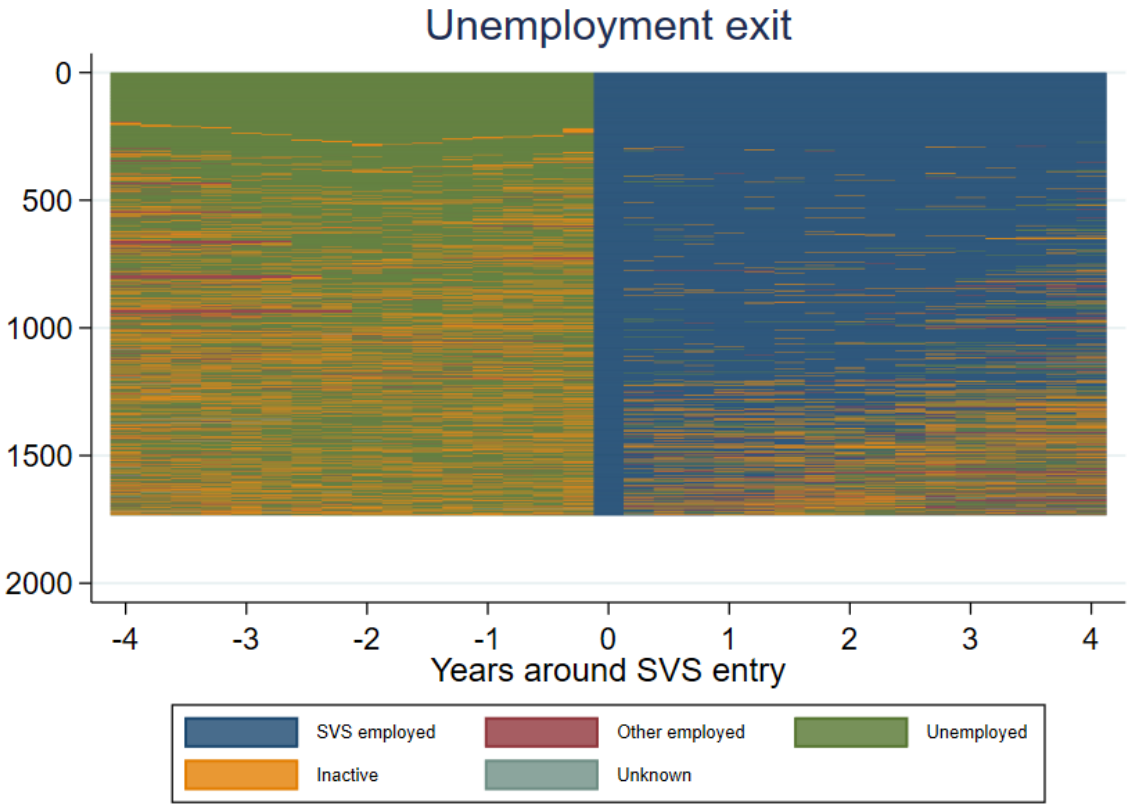
b.


Inactivity exit
0
500
1000
1500
2000
2500
-4
-3
-2
-1
0
1
2
3
4
Years around SVS entry
SVS employed
Other employed
Unemployed
Inactive
Unknown

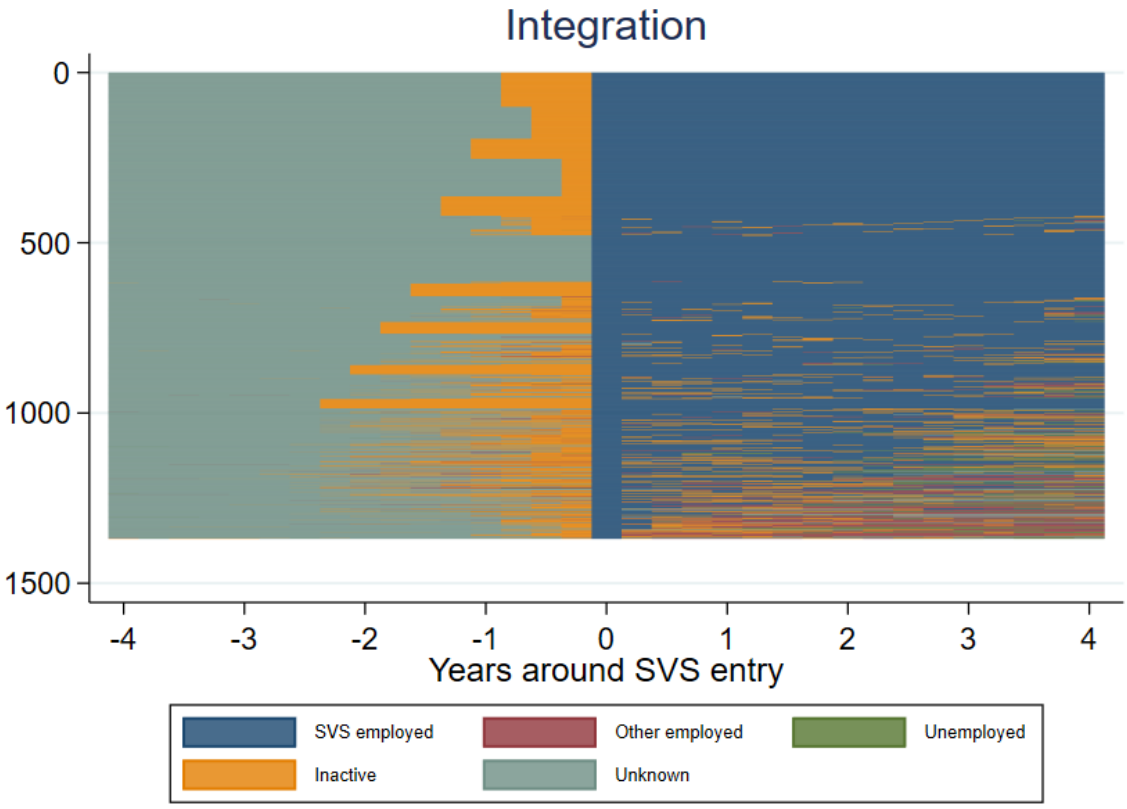
c.


Break
0
500
1000
1500
2000
-4
-3
-2
-1
0
1
2
3
4
Years around SVS entry
SVS employed
Other employed
Unemployed
Inactive
Unknown

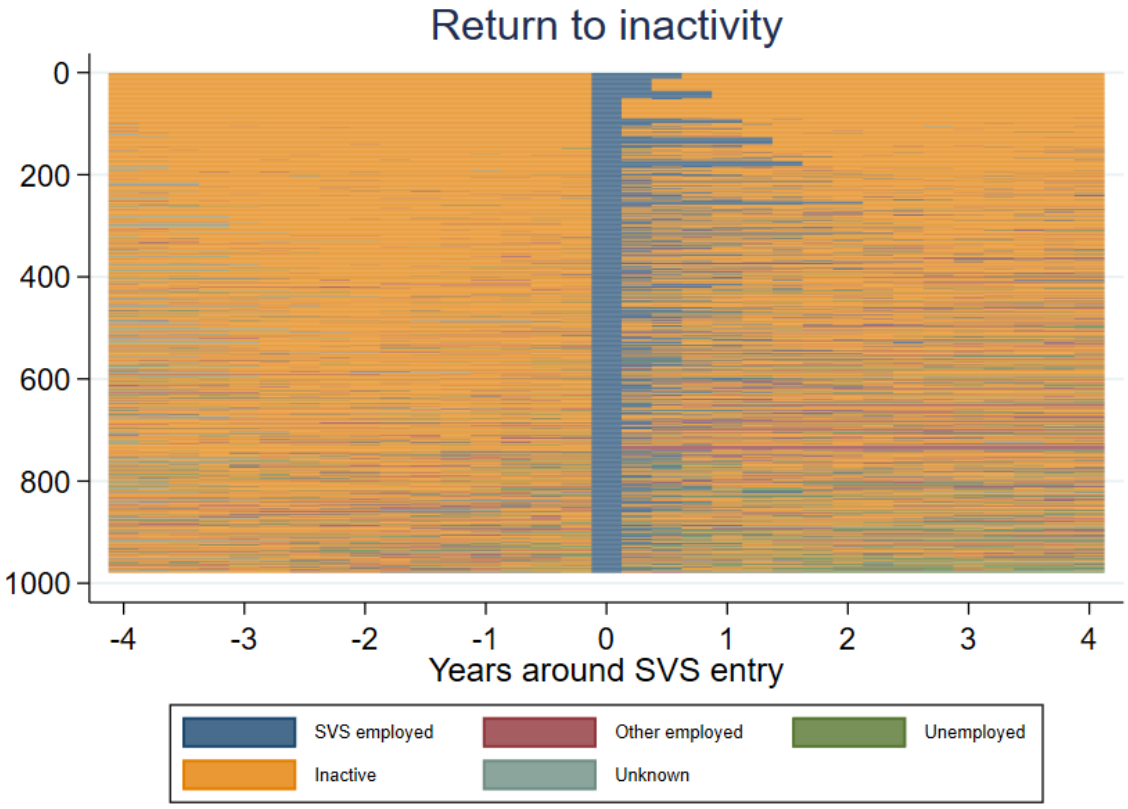
d.


Unemployment exit
0
500
1000
1500
2000
-4
-3
-2
-1
0
1
2
3
4
Years around SVS entry
SVS employed
Other employed
Unemployed
Inactive
Unknown

e.


Integration
0
500
1000
1500
-4
-3
-2
-1
0
1
2
3
4
Years around SVS entry
SVS employed
Other employed
Unemployed
Inactive
Unknown

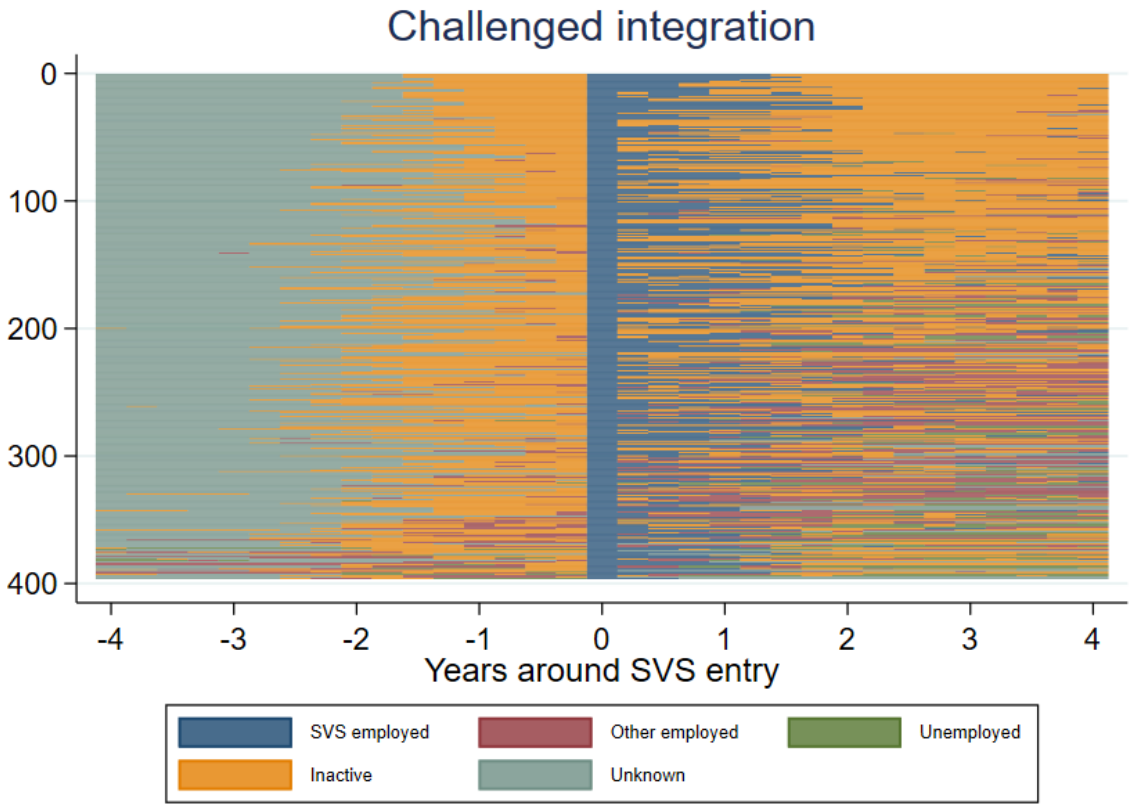
f.


Return to inactivity
0
200
400
600
800
1000
-4
-3
-2
-1
0
1
2
3
4
Years around SVS entry
SVS employed
Other employed
Unemployed
Inactive
Unknown

g.

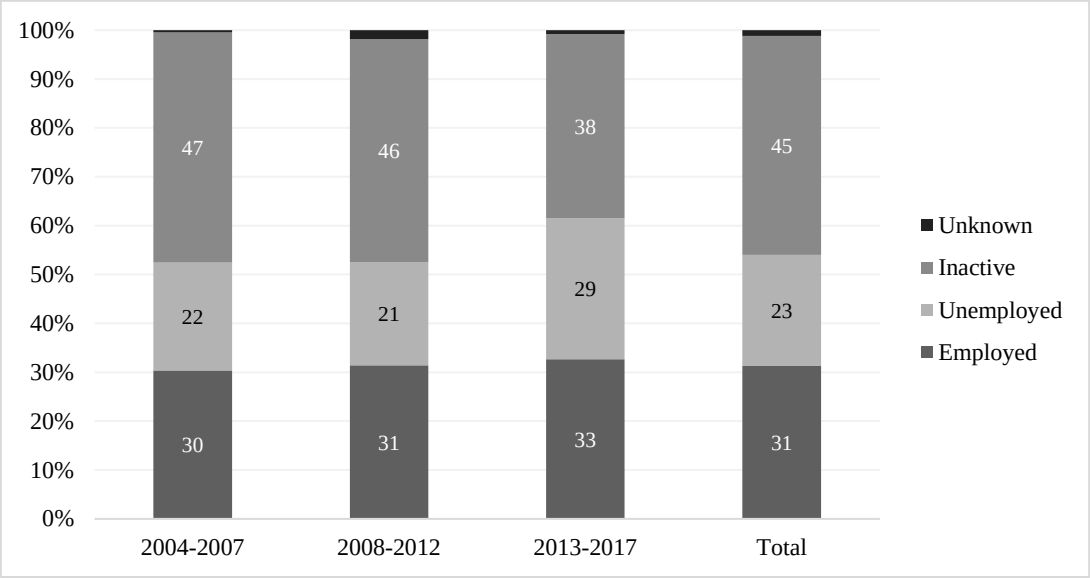

Return to unemployment
0
200
400
600
800
-4
-3
-2
-1
0
1
2
3
4
Years around SVS entry
SVS employed
Other employed
Unemployed
Inactive
Unknown

h.



Notes: These plots consist of a horizontal line for each sequence, by cluster, with different labour market states within a sequence represented by different colours as defined in the key above. The vertical axis gives the number of individuals in each cluster, with sequences sorted along the vertical axis in descending order from the medoid pattern (i.e. the most typical pathways within the cluster are at the top). These plots are affected by overplotting: in some cases, multiple states are plotted on top of each other, leading to a graphical bias in the representation of individual sequences. This is a common issue arising for sequence index plots in large samples (Fasang and Liao 2014).

Figure S2. Labour market state one quarter prior to SVS entry over time periods



Notes: Based on the BLFS-LM&SP linked dataset. During the first years of the SVS, 30 per cent of women entered the scheme from being employed in the previous quarter, 22 per cent entered from unemployment, and for as much as nearly a half the SVS acted as a way out of economic inactivity. While these trends stayed stable for some years, we observe an increase in the proportion of women entering especially from unemployment to the detriment of those quitting inactivity in the last period of observation.