From a Soviet Paternalistic to the Market Model in Personal Social Services in Lithuania

Laima Žalimienė
Lithuanian Social Research Centre
laimazali@gmail.com

Abstract. This article analyzes the development of personal social services (PSS) after the restoration of the independent state of Lithuania in 1990, looking through the lens of organizational peculiarities. The development of services in Lithuania occurred not only by introducing the principles of the welfare state but was also influenced by the marketization trends in the area, passing through the experience of the Western countries. Therefore, in Lithuania, the origination of PSS as a separate welfare sector and its marketization occurred almost in parallel.

Keywords: personal social services, organization of services, institutionalization, market, marketization.

Introduction

Western countries have accumulated a wealth of experience of research of personal social services (PSS)\(^1\), as well as a variety of theoretical approaches when analyzing these services (Harris, 2003, ix). However, there is only a small number of works that study the PSS development in Lithuania. Most research on PSS in Lithuania has focused

\(^1\) In the article the terms personal social services (PSS) and social work services (SWS) are used interchangeably.
on three main directions: research on the general configuration of the PSS system in the country (Dunajevas, 2009; Zalimiene, 2003; Zalimiene & Vareikyte, 2000); deinstitutionalization or moving from residential institutions to community-based social services in general or in the care system of disabled people (Dunajevas, 2012; Mazeikiene, Naujaniene, & Ruskus, 2014; Mladenov & Petri, 2019; Puras & Sumskiene, 2012; Ruskus, 2020; Tobis, 2000); and democratization and human rights focused approach in the development of PSS (Puras, Sumskiene, & Adomaityte Subaciene, 2013; Gevorgianienė & Sumskienė, 2017; Sumskiene & Orlova, 2015; Petruzyte & Sumskiene, 2017).

Thus, previous studies about PSS in Lithuania have failed to address marketization issues in this area. The aim of this work is to contribute to our knowledge of the development of PSS in Lithuania after the establishing of independence, focusing on the origination of market preconditions in the sector.

According to Donna Dustin (2007), market orientation in the system of social work services took root much later than in other areas, but in the last decade of the twentieth century researchers have already analyzed the impact of this model on the social work profession and client rights (Dustin, 2007; Harris, 2003). Dunajevas (2009), Ferger (1997) claim that from “the 1980s, the conception of welfare state undergoes critique in Western countries, and a new type of social service system, radically different from the postwar welfare state, is emerging” (Dunajevas, 2009:126). Thus, after the restoration of independence, the development of personal social services in Lithuania occurred not only by introducing the principles of the welfare state but was also influenced by the marketization trends in the area, passing through the experience of the Western countries.

**Theoretical framework for the analyses**

Hence, the paradigm of institutional change is used in the article trying to reveal the patterns of development of PSS in the country since 1990. Institutions are not only formal rules but also informal norms which handle the game of the society (North, 1990), so institutional change is a kind of systemic modification (Janson, 2004, 171). During institutionalization, rules and norms are established that can be changed or eliminated in the future depending on the interests and power of the parties involved (Scott, 2004). It is important to know how formal and informal rules interact, because they could have a reinforcing effect (Brinton & Nee, 2002), or institutional change could occur slowly or not at all when formal and informal rules do not match. An important role in the changes is played by awareness development, as it affects the decisions of the actors regarding the necessity of the changes. Institutional inertia also is an important point of the analyze, whereas sources of inertia could be identified which could prevent change from taking place (Kingston & Caballero, 2006). According to North (1990), informal rules are one of the most important sources of inertia, but also the cultural, social, and political environment is important.

Market structures in PSS are created to refer to Powel (2008), as a response to the rules, laws, and paradigms developed in the broader context. Hence, markets are so-
cially constructed arenas where a set of formal and informal rules are governing relations among market actors. However, state interventions are crucial for the operation of markets in the modern era (Fligstein & Calder, 2015), consequently, the development of state legislation is necessary for the emerging of new market. For the creation of a new market, the product’s quality, price-setting, service purchasing mechanisms need to be defined, new organizational structures for the financing of services, and other market mechanisms have to be introduced (Fligstein, 2001; Fligstein & Calder, 2015). Therefore, … rule-making or creation of formal laws that define the playing field…(Hwang, Powell, 2005, 182) play an important role in the process of the institutionalization of new structures.

Period of breaking away from the Soviet Residential Care System

After Lithuania regained its independence, only state residential care was inherited along with the Soviet informal rules such as paternalistic and hierarchical culture of social help. In pre-war Lithuania, the establishing of social worker professions was stopped by the Second World War and the Soviet occupation. Therefore, during the first decade of independence, social work services in Lithuania were provided by people from other professions: due to the economic restructuring, they were forced to abandon their careers and go into social welfare work. (Žalimienė & Vareikytė, 2000) thus, the new system institutionalization, if to base on Berger and Luckmann (1991, 49), was “a continuous dialectical process in which the actors create society and are created by society.”

Centralized paternalistic culture rooted in the Soviet past as well as the lack of a new legal framework were major obstacles to discovering a new area of social welfare. Establishing of PSS system was running in an institutional context, which could be described as transitioning from a totalitarian to a democratic society. During the Soviet period, the organization and financing of social help was centralized in the hands of the state. According to Fligstein (2001), the rules are not made up innocently, historical legacies, and external environments affect the formation of new rules and laws. It is hardly surprising that the first new legislation on Social Security in Lithuania replaced the near-old Soviet concept of social support, in which PSS as a system was not included and only residential care services were seen as a slight component of social help. (Law on the Principles of the State Social Security System, 1990). In 1994, Lithuania adopted a concept of social assistance that highlighted and identified two forms of social assistance: cash benefits and social services (Resolution of the Government of the Republic of Lithuania, 1994). This Law can be considered breaking away from the social support system of the Soviet legacy and the beginning of the institutionalization of a new Western-experience-oriented social assistance system. Later, the State began to legitimate the decen-

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ralization principle of social support, which created preconditions for the establishing of social support departments in municipalities responsible for welfare, cash benefits, and social services. During 1990–1996, 73 elderly homes and 21 children’s homes as residential care institutions were established by local government and NGO initiatives, and few home care services, day centers, and other community-based services were created (Ministry of Social Security and Labour [MSSL], 1998). On the other hand, it can be noted that even after introducing the abovementioned legislation, the formation of the new social services system did not gain greater momentum: it continued to be focused on the development of residential care institutions. Community-based service creation was impeded by the legacy of the Soviet era, paternalistic attitudes about the effectiveness of residential care, medical treatment, inspection, and the ascendancy of social support (Mazeikiene, Naujaniene, & Ruskus, 2014). One of the important values which largely underpins the transition of PSS from the Soviet model to democratic principles-based social care was the human rights-based approach, which became visible by the support of national and international NGO actors such as UN, EC Fundamental Rights Agency, Society “Viltis”, Mental Health Perspectives etc. (Puras, Sumskiene & Adomaityte-Subaciene, 2013; Puras, 2010).

According to Beckert (1996), new institutions or agencies emerge when organized actors, which have resources or political power, have a goal to realize their goals through those established institutions or agencies. The general number of employees in social services and health was much lower than the EU average in 1995, and only a moderate increase was observed between 1995 and 2007 (Maucher, 2018). One of the major players in PSS are social work professionals, but their power and influence in the establishment of the new service system in the country were very weak because they lacked professional knowledge, expertise, and needed to gain recognition among other professions. During the first decade of independence, social work services in Lithuania were provided by people from other professions: due to the economic restructuring, they were forced to abandon their careers and go into social welfare work. Moreover, the informal authority of the social work profession was scarcely manifested due to the dominated understanding of social work as a charity work or an activity provided by non-professionals. (Zalimiene, 2003) During Soviet occupation, the state attempted to solve social problems in a centralized way and without acknowledgment of the need for social work. In pre-war Lithuania, the establishing of social worker professions was stopped by the Second World War and the Soviet occupation. Therefore, social work studies in Lithuania at universities and colleges started only in 1992–1994 (Nieto-Morales et al. 2017, 295).

To sum up, the main problems breaking away from the inherited Soviet system were the complicated interplay between new emerging institutions supporting change, on the other hand- old still existing informal rules (see Table 1).
Table 1. **The Main Features of the Soviet System of Social Help and the New Post-1990 PSS System in Lithuania**

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<thead>
<tr>
<th>Old System</th>
<th>New System</th>
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<td>• Ignoring social problems and the need for the social work profession.</td>
<td>• Establishing PSS and social worker profession as instruments for social problem solving.</td>
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<td>• Centralization/state monopoly in the development of the social support system.</td>
<td>• Decentralization/key role of municipalities in the development of social work services.</td>
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<td>• An emphasis on pensions and other material welfare, but little in terms of services.</td>
<td>• Development of PSS as a relatively autonomous social policy component.</td>
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<td>• Paternalistic residential care is the only form of service.</td>
<td>• Emphasis on self-help/priority and community-based services as an important part of services.</td>
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<tr>
<td>• Ignoring and banning the nongovernmental sector in the field of social assistance.</td>
<td>• Non-governmental organizations are an important part of the PSS system.</td>
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For exploring the creation of the new PSS system in Lithuania, we should consider in more detail factors such as the intensive development of the PSS legislation starting from 1996, as well as the role of international and national actors at that time.

**Entrenchment of a new Framework for the Personal Social Services System**

The period 1996–2006 in the country could be characterized as the intensive establishing of the PSS legislation which was implemented by the support of international organizations as well as the emerging NGO sector. *New institutions or agencies arise when actors that have the resources or political influence to organize care to realize their goals through established institutions or agencies* (Beckert, 1996, 830). The main configuration of the new PSS system was ratified in 1996 by the **Lithuanian Law on Social Services**, which distinguished types of services, described groups of service recipients, service organization and provision principles, and discussed the division of functions between government and municipal services provision. A series of other legal acts introduced in 1996–1999 supplemented the law: *The Catalogue of Social Services* (1996), which detailed the types and kinds of social services; *Principles and Procedures for Remuneration of Social Services* (1998), which regulated the remuneration of services and fees to be paid by recipients of services; *Methodological Materials for the Organization of Home Help Services* (1999), which defined the service delivery model and stressed the services’ priority over residential care services. The *Law on Social Integration of Persons with Disabilities* (2004) created preconditions for expanding the range of services for disabled people. Completely new types of services emerged for this social group, such as vocational rehabilitation services, environmental adaptation, and integration to the labour market. *Social Workers Certification and Qualification Requirements and Certification Procedures* (1998) identified the social worker qualification categories, taking into account their background education and practical experience in social work.
While the PSS sector was occupied by nonprofessional workers at that time, and to solve the problem of professionalism, in 1998 the Ministry of Social Security and Labour introduced the training programme for nonqualified social help employees. The aim of the programme was to provide minimal knowledge to individuals doing social work without social work education.

The key actors in the formation of the legislation were state authorities that sought to create a new system by recruiting academic, community, and international support. In particular, such international organizations can be highlighted as the International Monetary Fund, World Bank, OECD as having a great effect on Lithuanian social policy decisions (Norkus, 2008). Because the least known was the area of community services, the experience of these services was transferred to implement projects conducted by international organizations (World Bank, SIDA, etc.). With the help of these organizations, a large social work service development program was carried out in 1996–2003: various social service agencies were set up, staff trained PSS development strategy was drawn up (MSSL, 1997, 110; MSSL, 1999, 95). On June 12, 1995, Lithuania signed the European Association Agreement with the European Union and formally applied for EU membership. Although the Agreement entered into force only in 1998, preparations for the implementation of its provisions began in 1997, and one of the obligations of the agreement was to “develop a proper social security system” (MSSL, 1997, 110). The creation of the PSS legal framework occurred within the cooperation of Phare, Phare Consensus, and other EU-funded projects (MSSL, 1999).

The role of NGOs was twofold: as supporters of the development of a human rights approach in PSS in the process of democratization and as services provider especially starting from 1996. While most PSS recipients are not powerful actors in the service arena because of their social vulnerability (disability, families at social risk, the elderly, persons with addictions, etc.), their representation by non-governmental organizations creates opportunities to influence the development of services. Especially from 1995 NGO’s set up various social services, and from 2000 the number of registered NGOs grew from 7 000 to 17 000 in 2007 (Study on Volunteering in the European Union, 2009). More than half (55 per cent) of them were working in the area of social services and health. For instance, Welfare Society for People With Intellectual Disability was a pioneer of new community-based services because representatives of this NGO engaged in active lobbying for the establishment of day care centers for children with disabilities (MSSL, 1999, 88). The NGO started to support various vulnerable social groups, f.i. the number of receivers of overnight accommodation in NGO’s homes grown by 60% in 2004–2008 (Study on Volunteering in the European Union, 2009).

In summary, from 1996, the legislative framework for PSS was developed, which defined and highlighted the main features and principles of the new system. Both residential and community-based services for various user’s groups were started to develop with the participation of national and international actors.
Emerging of the Signs of Marketization in the PSS

Fairclough (1995, 149) considers marketization to mean the establishment of market relations in new areas of social life. Already in the final decades of the twentieth century, Western countries actively discussed about welfare pluralism, the development of market relations in social services (Le Grand, 1991), or about changing direct financing of services in favor of procuring them via competition (Osborne & Gaebler, 1993; Healy, 2002). Despite Lithuania beginning to implement market-based economic restructuring after 1990, and both left and right-wing political parties in Lithuania supporting the social policies recommended by neoliberal international financial organizations (Norkus, 2007), the establishment of a market in PSS began later than in other services. Looking at this point, we observe similarities with other Western practices noted by Donna Dustin: ... although in post-modern society the market becomes the most efficient way to distribute goods and service...still, in the personal social service sector, orientation toward the organization of services occurs much later than the other services (Dustin, 2007, 16). On the one hand, some single “market” attributes were already trying to introduce the PSS system at that time, particularly, direct payments for clients as one of the instruments in a market-based service model (Evers, Leichsenring & Pruckner, 1993). However, this cash-for-care instrument did not catch on in social services practice at that time because there were no other significant market attributes for the market, such as service purchasing mechanism, pricing of services, etc. (the number of cash-for-care receivers was only 763 in 2000, according to the Official Statistics Portal). After the country has adopted the new Law on Social Services (2006), the conditions for market relations become more visible. Since 2006, the main function of local government in the country has become the planning and organization of services, and municipalities started to be pushed to buy services for inhabitants instead of financing their own established service organizations. One of the main preconditions for market establishment and operation is pricing issues (Jackson, 2007). Additionally, for a service price to be assessed, it is necessary to define it and describe its quality. A series of legal acts and procedures were passed in the country supporting the establishment of market instruments, such as quality standards, principle of pricing of services etc. (Žalimienė & Lazutka, 2009; MSSL, 2008–2009).

Nowadays, the expansion of market relations in PSS in Europe is resulting so-called social work business idea, which changes organization culture, the social worker identity, forcing the modification of social work degree programs (Harris, 2003; Dustin, 2007) We can observe the manifestation of these processes and in Lithuania: social workers complain social work becomes highly bureaucratic; it is imperative to talk about the efficiency and effectiveness of services, entrepreneurship in social work and cheaper social work promotion strategies become of the biggest importance (Nieto-Morales et al. 2017, 285).

To sum up, the adoption of the new services legislation in 2006 established prerequisites for reforming the financing of services and strengthening the market configuration in the services organizations. On the other hand, looking although the statistics about the financing of PSS in municipalities according to the yearly plans of social services, we
can discover a certain municipal opposition to the market model – only a small part of services are financed by the purchasing of services mechanism.

Conclusions

Although the PSS, as a subsystem of welfare, has only developed in Lithuania over the last three decades since the reestablishment of independence in 1990, we can observe radical changes in this sector. The first steps of Soviet centralized residential care service reform after reestablishing independence occurred in an extremely hostile environment. It was necessary to reverse the old system, which was rooted in a paternalistic social service culture, into a community-based service model taken from the democratic welfare states. Meanwhile, Lithuania, after the restoration of Independence began to implement market-based restructuring of the economy, but the first model of social service organization was based on the ideology of traditional welfare state. The first period after the collapse of Soviet regime (1990–1996) can be described as breaking away from the Soviet state residential care model and creating various community services and the professionalization of the sector. The following decade from 1996 can be described as the time of creating the foundation of a new framework for PSS systems. At that time, responsibility for the organization of services was divided between the state and municipal authorities, and a system was set up for new community-based services for various customer groups, relying on the welfare state principle “services according to need.” Meanwhile, after 2006, the established legal framework already exaggerated the emphasis on “services according to needs” towards “service according to resources,” creating the foundation for the development of a mixed economy of care and market relationships. Compare to the Western countries, Lithuania shifted to the market economy much more rapidly. Fairly rapid marketization in the sector can be associated as with a political and public support for liberal policy in general in Lithuania as with less power and critical approach of professionals to the development of the sector.

References


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Ministry of Social Security and Labour of the Republic of Lithuania:


