ORPEA in the long-term care sector: company strategy and working conditions

by

Jane Lethbridge
j.lethbridge@gre.ac.uk

September 2018

A report commissioned by:

Project co-financed by the European Commission

The Public Services International Research Unit (PSIRU) investigates the impact of privatisation and liberalisation on public services, with a specific focus on water, energy, waste management, health and social care sectors. Other research topics include the function and structure of public services, the strategies of multinational companies and influence of international finance institutions on public services. PSIRU is based in the Business Faculty, University of Greenwich, London, UK. Researchers: Prof. Steve Thomas, Dr. Jane Lethbridge (Director), Dr. Emanuele Lobina, Prof. David Hall, Dr. Jeff Powell, Sandra Van Niekerk, Dr. Vera Weghmann, Dr. Yuliya Yurchenko

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Executive Summary

ORPEA is the largest private sector provider of social care in France. It provides nursing homes, psychiatric services, post-acute care and rehabilitation services and home care services. Since it was founded in 1989, it has expanded into Austria, Belgium, Czech Republic, Germany, Italy, the Netherlands, Poland, Portugal, China and Brazil and has become one of the largest private providers of social care services in Europe.

Annual revenues have increased regularly and in 2016-17 the net profit increase was 11% although this masks country differences which are determined by current processes of consolidation. However, net debt has also increased as a result of the real estate expansion strategy and is now greater than the annual revenues with a ratio of net debt: revenues of 1.42 in 2017. Earnings per share growth and dividend per share have increased steadily in the last 5 years.

In 2013, the Canadian Pension Plan Investment Board (CPPIB) became a long-term shareholder on the basis of ORPEA's long term international expansion plans and is now the largest shareholder.

The provision of social care services is a labour intensive sector and the quality of social services depends on a high quality, motivated workforce. The overall payroll: revenues ratio for ORPEA is 46%. Due to demographic changes, there is a growing demand for social services in Europe. There is a parallel demand for social services workers. Problems with recruitment and retention of social services workers are found in many countries. Retention of the workforce is key to the success of ORPEA and this depends on a good ratio of workers to beds, stable employment status, good pay rates with enhanced terms and conditions.

The survey of some of the ORPEA's workforce has shown that there is a high level of dissatisfaction with pay and working conditions and this is affecting staff morale. Although ORPEA shows positive growth of revenues, profits and dividends in recent years, there is growing evidence that the development of a professional human resource management, building a strong industrial relations culture with trade unions and creating open information and consultation structures are not growing at the same rate. The recent labour disputes in Germany and France reflect this. Combined with the decentralized nature of running the businesses following take-overs this is creating conflicts which will affect the company negatively.

Through media reports the company will become associated more with labour conflicts than with the quality of the care services which ORPEA would like to promote. This will impact on the company reputation and will affect the demand for its services, not just from individuals but from public authorities, social security bodies and other agencies that reimburse care for users. It will also affect the recruitment of workers with reports that the company does not treat workers fairly. There is a shortage of social care workers in many European countries and with negative reports, quality staff will move to ORPEA's competitors.

ORPEA is a rapidly growing company in a labour-intensive sector. ORPEA needs to ensure good working relations with its unions and workers' representatives at the relevant levels (work place, region, national) and, in the European Union, at European level due to EU workers' representation and social dialogue structures, if it is to continue with its expansion.

ORPEA in the long-term care sector: company strategy and working conditions

This report has been commissioned by EPSU as part of the 'Project VP/2016/003/0038 'Building company networks and EWCs in health and social services.' A profile of the ORPEA company covering its expansion, revenues, net debt and corporate strategy is followed by a section on the workforce. This includes a workforce profile and an analysis of the results of a questionnaire survey of ORPEA workers. The responses to these findings made by EPSU affiliates at a seminar held in February 2018 are included.

1. ORPEA's corporate strategy

ORPEA is the largest private sector provider of social care in France. It provides nursing homes, psychiatric services, post-acute care and rehabilitation services and home care services.

ORPEA was founded in 1989 by Dr. Jean-Claude Marian. After expanding the number of nursing home beds in France, the company acquired post-acute and rehabilitation care and psychiatric clinics. In 2002, the company was listed on the Paris Stock Exchange. In 2004, it bought two facilities in Italy, its first international expansion. In 2006, it bought clinics in Switzerland (psychiatric care), Belgium (elder care) and Spain (dependency care). In 2007, ORPEA considered that the "*European care sector remains very fragmented at European level*". [1] The company had identified three countries (Belgium, Spain and Switzerland) as having similar characteristics to France: a regulatory and supervisory system; similar demographic trends; and a fragmented sector. [2] In 2010, ORPEA bought Mediter and 49% of Medibelge (Belgium) and in 2011, ORPEA bought Artevide, a Spanish chain of care homes and in 2012 consolidated its ownership of Medibelge to 100%. [3]

In 2013, the Canadian Pension Plan Investment Board (CPPIB) became a long-term shareholder on the basis of ORPEA's long term international expansion plans. [4] In 2014, ORPEA acquired Senevita (Switzerland) and Silver Care (Germany). In 2015, expansion continued with ORPEA buying Senecura (Austria) and three companies in Germany (Celenus Kliniken, Residenz Gruppe Bremen, and Vitalis). [5] Senecura provided an opportunity for ORPEA to expand into Czech Republic with three establishments under construction.

In 2017 ORPEA acquired companies in the Czech Republic (Anavita) and Austria (Dr. Dr. Wagner). Anavita is a leading operated of nursing homes in the Czech Republic and Dr.Dr.Wagner is a healthcare company operating post-acute, rehabilitation hospitals and nursing homes in Austria. ORPEA has also acquired nursing homes in Poland which helped to consolidate its expansion into Central and Eastern Europe.

ORPEA has identified China as a country with an ageing population but lacking in services and facilities for older people. It has targeted a growing demand for high income private provision. ORPEA has built a nursing home in Gulou as part of a joint venture with Nankin public planning company and the Gulou hospital. The clinic opened in 2016 with 111 rooms with 139 beds and is aimed at a high income market for people aged 80+, older people with disabilities and people with Alzheimers. ORPEA has worked with the Nanking Medical School to train health/ social care workers for its nursing home in Gulou. This involvement in training can also be interpreted as having the potential to provide a workforce for its European operations.

In 2017, in partnership with the French SIS group, a holding company which invests in health/ social care, ORPEA announced two joint ventures to build 2,000 nursing home beds in Brazil and 1,000 beds in Portugal. ORPEA owns 49% of the capital but this will be reviewed in future. The rationale for moving into the Brazil care home market is that Brazil has a rapidly growing older population, a limited availability of nursing home beds, high income groups with purchasing power, a sector dominated by the public and not-for-profit sector and no regulations on day rates. All costs are paid by individuals or families. [6]

2. Revenues, EBITDAR and net debt

Table 1: Overall revenues and EBITDAR * 2015-2017 (€m)

	% change 2016/17	**2017**	**2016**	**2015**
Revenue	5%	3,138	2,842	2,392
EBITDAR*	10%	846	769	652
EBITDA**	15%	547	474	400
Net profit *** share ORPEA Group	11%	197	177	153

Source: ORPEA 2017 registration document p.15
*EBITDAR = Earnings Before Interest, Taxes, Depreciation, Amortization, and Restructuring or Rent Costs
**EBITDA = Earnings less rental expenses
***Net profit = a measure of the profitability of a venture after accounting for all costs and taxes.

Revenues have increased since 2015 with an annual increase of 5% between 2016 and 2017. EBITDAR increase by 10%, EBITDA (less rental expenses) increased by 15%. Net profit increased by 11%.

Although there was a 5% increase in revenues for the company, there were differences by country. Table 2 shows the increases in country revenues which show a more varied picture. Spain had an increase of 40% which are accounted for by current activity levels and the consolidation of Sanyres, which was bought in 2016. Switzerland also showed an increase of 39% which was also due to consolidation of Spitex. These different country figures show the impact of acquisitions on immediate revenues.

Table 2: Revenues by country 2015-2017 (€m)

Country	% increase	Revenues 2017	Revenues 2016	Revenues 2015
France	5%	1,775.1	1695.4	1,596.6
Germany	6%	531.7	501.0	287.5
Austria	66%	242.6	176.3	109.8
Switzerland	57%	199.0	142.9	130.1
Belgium	5%	167.6	162.1	157.8
Spain	41%	142.8	101.7	63.9
Italy	3%	51.7	48.5	45.9
Czech Republic		13.7	1.7	-
Poland	15%	13.0	11.3	-
China		1.5	0.4	-
Total	5%	3,138.2	2,841.2	2,391.6

Source: ORPEA Registration document 2017

Although revenues have increased during the period 2015-2017, net debt has also increased (Table 3). Net debt consists of current financial liabilities, non-current financial liabilities and cash equivalents**.** The most significant type of net debt is non-current financial liabilities, which includes loans payable, bonds and pension liabilities. The amount of debt has increased from €3.8 billion to €4.46 billion in the period 2016-2017. The ratio of net debt: revenues remained at 1.34 in 2015 and 2016, but by 2017 it had increased to 1.42. 80% of the net debt is property/ real estate debt, which is asset backed. [7] A financial commentator, writing in 2018, raised questions about the risk associated with this growing level of debt although most of it is in property. [8]

Table 3 Revenues and net debt 2015-2017 (€m)

ORPEA	2017	2016	2015
Revenues	3,138	2,842	2,392
Net debt	4,467	3,820	3,214

Net debt: revenues	1.42	1.34	1.34

Source: ORPEA registration document 2017

There are two main indicators of a company's profit seen in terms of shareholder value. These are earnings per share and dividend per share. ORPEA has shown that it has had a positive rate of growth for earnings per share for the last five years (Table 4). Dividends paid per share have also increased during this period. This is in contrast to a lack of pay increases for workers.

Table 4: Earnings per share growth and dividend paid per share 2013-2017

ORPEA	2013	2014	2015	2016	2017
Earnings per share *	0.05	0.14	0.19	0.5	1.72
Dividend paid per share **	0.7	0.8	0.9	1.0	1.10

Source: ORPEA registration document 2017
*Earnings per share growth = the part of a company's profit allocated to each outstanding share of common stock. This is an indicator of profitability. [9]
**Dividend paid per share = the sum of declared dividends issued by a company for every ordinary share outstanding. [10]

3. Strategy

There are four factors influencing ORPEA's corporate strategy.

1. The demographic changes taking place in Europe with a growing proportion of the population aged over 80, which is expected to grow by 4% in the next 15 years.
2. Due to the systems of regulation, access to the care market is difficult for new entrants. The system favours larger players and higher standards.
3. Government outsourcing and potential for private for-profit expansion have both contributed to ORPEA's expansion.
4. Austerity policies and reduction in government budgets for long term care continue to provide new opportunities.

Property and real estate

In 2017, ORPEA had property/ real estate assets (including assets under construction and assets held for sale) of €5,042 million. ORPEA has a "long-term real estate policy built around owning a significant part of the premises used by the Company." [11] This strategy has four elements:

- Quality of buildings built and maintained by the Group;
- Quality of locations in town centres or near major population centres;
- Internal architecture and project management unit to design specialised buildings for the care and;

- Self-ownership of a major portion of its premises.[12]

In terms of the quality of buildings and quality of locations, ORPEA has targeted French regions of Île-de-France (Paris and west of the Paris region), Provence-Alpes- Côte d'Azur (Mediterranean coast), Aquitaine and Poitou-Charentes. In Belgium, most of ORPEA's clinics/ facilities are in Brussels and Flanders. In Spain, over 70% of ORPEA's facilities are in Madrid. In Italy, ORPEA only runs facilities in the northern regions. All these regions have a high proportion of high income groups who are ORPEA's target market.

Property ownership plays an important part of the ORPEA's property / real estate strategy, which is considered a way of maintaining flexibility and quality of services. ORPEA aims to increase the net worth of the company through buying new and well located properties, which should increase profitability in the medium and long term. Properties are seen as a source of financial security. More recently, ORPEA has acquired companies which did not own their own buildings but rented clinics and facilities, for example, Medibelge in Belgium, Mediter and Mieux Vivre in France, Silver Care in Germany. In Switzerland, ORPEA acquired Senevita which did not own properties but had long-term leases with institutional investors and was also debt-free. [13] This has required ORPEA to make some adjustments to its property strategy. It had to buy some of the buildings used by the companies that it had acquired. This explains its increase in net debt.

ORPEA is not just involved in the ownership of its own facilities and buildings. It is also involved in property investments through the use of a Real Estate Investment Trust (REIT), which ensures that companies do not pay tax on these investments.

> "A REIT is a widely held company, trust or contractual or fiduciary arrangement that derives its income primarily from long-term investment in immovable property (real estate), distributes most of that income annually and does not pay income tax on income related to immovable property that is so distributed." [14]

REITs were originally developed in the United States but have been used in Europe during the last decade. Most countries provide tax breaks or incentives when designing their REIT regimes, so that the traded REITs pay less tax compared to direct investment in property. [15] REITs can be found in many European countries, for example Belgium, Germany [16] and the Netherlands. A few REITs specialise in specific types of property including healthcare and retirement schemes.

ORPEA is involved in property investment using a REIT through a joint venture with Confinimmo, one of the largest REITs in Belgium. Confinimmo has a portfolio of health care investments in Belgium and France including nursing homes, psychiatric care and rehabilitation clinics. In November 2011, Confinimmo signed a joint venture agreement

with ORPEA, the French care company, to be managed by ORPEA. Their first clinic acquisition was in April 2012. The joint venture is governed by French law in which Cofinimmo holds a 51% stake and the ORPEA Group 49%. The companies receive tax benefits through the *Société d'Investissement Immobilier Cotée* (SIIC) regime or French listed real estate investment company. [17]
ORPEA's approach to property/ real estate is two-fold. The company aims to own al the properties of its clinics and facilities although with a rapid series of acquisitions, this has not always been possible. ORPEA targets high quality and high income sites and regions in all the countries that it is operating in. When acquiring companies which rent buildings for their facilities, ORPEA has bought some of this property. It uses the mechanism of Real Estate Investment Trusts (REITs), which invest in a range of different types of property and the businesses that are run in them, and are a legal mechanism to avoid payment of tax.

4. Main shareholders

In 2017 the ORPEA share capital was €75,342,000 and the total number of shares was 64,553,123. There are four main ORPEA shareholders with the Canadian Pension Plan Investment Board (CPPIB) having the largest % of share capital and voting rights. The founder of ORPEA, Dr Marian, has been reducing his share ownership by selling to the Canadian Pension Plan Investment Board.

Table 5: Main shareholders

Shareholders	**Share capital**	**Voting rights**
CPPIB Canadian Pension Plan Investment Board (CPPIB)	14.7%	22%
JC MARIAN HOLDING Dr Marian is the Chairman and the co-founder of ORPEA. He is 78-years-old and has started to sell his ORPEA' shares. End of 2013, he sold 65% of its participation to CPPIB	6.9%	10.44%
FFP (6.32%), *Société Foncière, Financière et de Participation* a listed company controlled by the Peugeot family Group	6.32%	9.42%
SOFINA *Société Financière de Transports et d'Entreprises Industrielles*, a Belgian holding company	5.28%	7.86%

Source: CFA Society [18]

5. Workforce

Table 5: Number of ORPEA facilities, beds and workers (2016-7)

Country	Workers 2017	Beds 2017	Facilities 2017		Workers 2016	Beds 2016	Facilities 2016
Austria	4,390	7,042	81		2,674	4,995	59
Belgium	3,673	7,443	60		3,264	7,389	60
Czech Republic	978	2,463	17		?	784	6
France	24,956	33,437	357		23,955	33,122	357
Germany	12,652	17,752	165		9,717	16,824	165
Italy	940	1,736	15		835	1,738	16
Poland	284	2,080	18		-	1,174	-
Spain	3,971	8,071	47		1,772	7,857	45
Switzerland	2,111	3340	34		1,536	3,071	32
China	78	140	1			140	1
Total	54,000	86,650	818		43,753	77,094	751

Source: ORPEA Registration document 2017

The number of facilities and beds has increased across all countries except Italy. The number of workers has increased in all countries, with the largest increases being recorded in Austria and Germany.

Table 6: Permanent contracts and full time workers

Country	Workers 2017	Permanent contracts %	Full time %	Absenteeism (2017) (number of days/worker)	Number of days absence per worker
Austria	4,390	100	46	65,676 days	14
Belgium	3,673	83	48	667,612 hours 83.451days	22
Czech Republic	978	85	80	77,967 days	79
France	24,956	85	80	3,320,578 hours 415,072 days	16
Germany	12,652	76	38	263,849 days	20
Italy	940	69	80	84,204 hours 10,525 days	11
Poland	284	41	95	6,383 days	22
Spain	3,971	75	84	109,301 days	27
Switzerland	2,111	88	37	22,321 days	10.5
China	78	10	100	108 days	1.3
Total	54,000	83	64		

Source: ORPEA 2017 Registration document

Table 6 shows the percentage of workers on permanent contracts and working full-time. There are national differences in the percentage of workers on permanent contracts. Only in Austria does ORPEA have 100% of its workers on permanent contracts. Over 80% are reported in France, Belgium, Switzerland and the Czech Republic. In Spain, Italy, Germany, Czech Republic 65-79% of ORPEA workers have permanent contracts. Poland and China report less than 50% of ORPEA workers on permanent contracts. These national differences suggest that there are different human resource strategies being implemented probably influenced by national legislation.

There are also national differences in the percentage of full-time ORPEA workers with China having 100% full-time workers and France, Spain, Italy, Czech Republic and

Poland with over 80%. In Belgium, Switzerland, Germany and Austria less than 50% of ORPEA workers are in full-time jobs.

The 2017 ORPEA Registration document reports the number of days of absenteeism by country. If this is used to calculate the number of days absence per worker, it shows that there are again national differences. Apart from China, which has a very low rate of 1.3 days absence per worker, the rates range from Switzerland 10.5 days absence per worker to Spain 27 days absence per worker. The Czech Republic reported 79 days/absence per worker, which is very high and may reflect changes taking place in the organisation of ORPEA facilities. This may be further complicated by Austrian ownership of some of the facilities.

Table 7: Gross Payroll per country (€)

Country	Workers 2017	Gross Payroll €	Revenues	Payroll: revenues
France	24,956	€653,637,487	1,775 m	37%
Belgium	3,673	€125,846,038	176 m	71%
Spain	3,971	€80,026,295	142.8 m	56%
Italy	940	€26,673,975	51.7 m	36%
Switzerland	2,111	€127,624,599	199 m	64%
Germany	12,652	€285,180,412	531.7 m	54%
Austria	4,390	€156,171,373	247.2 m	63%
Czech Republic	978	€10,682,528	13.7 m	77%
Poland	284	€3,488,284	13.0 m	26%
China	78	€1,526,253	1.5 m	100%
Total	54,000	€1,470,857,244	3,138.2 m	46%

Source: ORPEA Registration document 2017

In the overall services sector the ratio of payroll to revenues is usually over 30%, reflecting a relatively labour intensive sector. Social care is an even more labour intensive service sector and the country figures for ORPEA show a range of payroll: revenue ratios, which apart from Poland, are all greater than 30% (Table 7). There are several factors influencing payroll: revenues ratios. The rates of minimum wages and collective bargaining agreements influence the scope that ORPEA can determine its own wage levels. Facilities which have been recently acquired by ORPEA show differing levels of revenue and profit.

Survey

ORPEA has a total workforce of over 54,000 workers, with an increase of 10,000 in the last year (2016/7). It has reported high returns on dividends for shareholders. As health and social care is a labour intensive activity profits can only be made at the expense of the workforce and the quality of care provided. French trade unions have made several attempts to point out that the high rate of dividend returns has been made at the same time as a wage freeze since 2013. [19]

There is a constant problem of under-staffing, with many workers on fixed term rather than permanent contracts. In Germany (76%), Italy (69%), Poland (41%), Spain (75%) and China (10%) less than 80% of the workforce are on permanent contracts. In 2014, the rate of accidents at work increased by 3.1% and in 2015 by 3.2%, which reflect poor working conditions. There have also been cuts in budgets for care and accommodation and meals which affects the residents and patients. [20] There have also been attempts by ORPEA management to spy on the workforce in France. [21]

In order to gather more information about the working conditions and recognition of labour rights in ORPEA, a survey of ORPEA workers and shop stewards was conducted by EPSU in 2017. A draft questionnaire was presented to a meeting of the EPSU ORPEA European Works Council project in January 2017. In the light of the discussions at that meeting, several changes were made to the draft questionnaire. The final version was circulated to EPSU affiliates in ORPEA France, Germany, Spain and Italy and Czech Republic.

Trade union response to survey findings

These findings were presented to a seminar of EPSU affiliates involved in organising ORPEA workers held on 6th February 2018. EPSU affiliates to the survey findings are set out in the rest of this section. Their comments can be seen as a validation of the survey responses.

The affiliates pointed out that the survey findings need to be understood in the context of regulation and payment systems for social care in different European countries. Most governments set a minimum ratio of workers to residents but the way in which profit-seeking companies can reduce their costs is through a reduction in the number of workers. Financing of facilities is a major issue for care providers and companies like ORPEA depend on cost cutting to make profits.

The findings of the survey showed overwhelmingly that workers feel that there are inadequate staffing levels within ORPEA facilities in all countries. One way of looking at the ratios of workers to residents is to examine the ratios of workers to beds in ORPEA facilities by country. Although this does not give a detailed picture of each facility, it does provide an indication of the ratios by country.

Table 14: Number of ORPEA facilities and workers (2017)

Country	Workers 2017	Beds 2017	Facilities 2017	*Workers: beds*
Austria	4,390	7,042	81	*0.62*
Belgium	3,673	7,443	60	*0.49*
Czech Republic	978	2,463	17	*0.39*
France	24,956	33,437	357	*0.74*
Germany	12,652	17,752	165	*0.71*
Italy	940	1,736	15	*0.54*
Poland	284	2,080	18	*0.13*
Spain	3,971	8,071	47	*0.49*
Switzerland	2,111	3340	34	*0.63*
China	78	140	1	*0.55*
Total	54,000	86,650	818	0.62

Source: ORPEA Registration document 2017

The number of workers per bed from 0.74 (France), 0.71 (Germany), 0.49 (Spain), 0.39 (Czech Republic) to 0.13 (Poland). Although these are only the total figures per country, which will include management as well as workers, they still show a wide variation in the ratio of workers to beds between countries. The ratio of care workers to beds will be much lower.

<u>France</u>
French affiliates at the February 2018 seminar reported that in **France** there is usually a ratio of 0.66:1 (worker: bed) although the government sets a ratio of 1:1 in protected units. They reported that in 2018, some facilities reported that ORPEA had a ratio of 0.47:1.

As an indication of the state of ORPEA facilities, French affiliates reported that on 5th January 2018 five trade unions and the union of the directors of care facilities went on strike. This included fifteen ORPEA facilities where CGT workers went on strike. There are organisational developments taking place in the East of France, which are bringing together some of the stakeholders involved in private health/social care, including residents, family representatives, workers and directors of facilities. This is a big grassroots movement in this part of France and was reflected in a 100% strike vote.

Spain

Spanish affiliates at the February 2018 seminar reported that in **Spain**, the ratio (worker:resident) is low. There is a standard which determines the ratio of care staff but this ratio has gone down in many areas and the money allocated has also been reduced. ORPEA manages the private sector provision where the users pay ORPEA and the local authority also pays a share. Although the ratio is low it still complies with standards which are part of the contract but still the ratio is not respected. Companies use the ratios to cover all workers, including administrative and cleaning workers, not just care staff so this results in fewer care workers per resident. The impact on workers is that those who are sick or on holiday are not replaced. Although there is a European Quality standard set by agencies which should determine quality this is not met.

Affilates reported that ORPEA facilities in Spain have a very poor working culture. Management is very unprofessional and so workers have to deal with problems alone. 95% of workers are women with the majority having family responsibilities so they can't afford to lose their job. A labour agreement at state level has been in negotiation for two years and negotiations are currently paralysed. Managers insist that care workers should be part of the same professional group so that workers have to be multi-skilled, doing a range of tasks. This has made it difficult to come to an agreement. *Comisiones Obreras* (CCOO) has tried to raise these problems and mobilise workers.

Germany

In **Germany**, the affiliates attending the seminar reported that a formal ratio of 0.5:1 for care workers: residents was set by public authorities but private, for profit companies were always trying to reduce it with support from politicians. In 2020 there should be a nationwide mandatory ratio for care but it is unclear how good or bad this will be. There are differences in ratios between north and south Germany with higher ratios in Southern Germany. Care work is low paid with long hours, often with up to 30 hours of overtime not paid with no free time. There is no legislation in place that sets standards. Management is poor. Insurers do not provide enough money to pay for quality services.

Senecure, a German subsidiary of ORPEA, has a dominant market position with 80% of care provided by one company. The competition authority may soon start to investigate this monopoly. Many non-for-profit companies, for example, Caritas, take part in a different kind of market but it is difficult to understand who is most controlling the sector. Many not-for-profits operate in similar ways to for-profit companies. Trade unions demand that everyone should have some form of state protection but private residents who self-pay find it difficult to access subsidies. Regions want to deal with new residents so that companies can access state aid for facilities and so negotiate a new collective agreement. There are demands for wage increases and skills training because the skills level has been increased. Workers want more pay and a 35 hour week. If they are unable to sign a collective agreement they will go on strike.

Italy

In **Italy**, seminar affiliates reported that ORPEA works with two care groups, Casa Mia and Elinea. The main issue facing workers is whether there will be a merger that would reduce the number of collective agreements in the care sectors and whether it will be applied to workers in all sectors. There is a national collective agreement for personal assistants, which has been signed by unionised and non-unionised workers and others applied to workers employed by social and non-profit cooperatives. ORPEA continues to apply a cherry-picking strategy, using specific collective agreements when it suits them, for example, when it bought non-profit care homes.

There are twenty different regions in Italy each with specific accreditation systems and which have the discretion to set minimum staff numbers. This results in many different scenarios in different regions and so it is difficult to find out what is going on. Some companies apply not-for-profit agreements because they enable employers to cut costs. ORPEA often contracts out services to social cooperatives with lower care costs and which are covered by different collective agreements.

ORPEA is buying up care homes in Italy but is not building facilities. Unions are trying to bring together collective agreements with the same characteristics because workers may have the same contract but have different layers of protection. It is difficult to raise the awareness of employees.

Belgium

In **Belgium**, seminar affiliates reported that there was a legal ratio of 1:1 but the ratio of total ORPEA workers to beds is 0.49:1, which will include management. Affiliates reported that ORPEA always does the least possible to maintain wage levels and equipment and operates at the fringes of law in terms of employment rights, with many workers on unpaid overtime and not receiving any time off in lieu. Workers are in a very weak situation. Many women workers are single women or lone parents. ORPEA is aware of this and puts pressure on them which puts staff in a dangerous position. Many workers are taking antidepressants and there have been suicide threats. ORPEA had €2.9 billion revenue by 2016, which doubled profits in two years and workers feel that this is the sole purpose of the business.

1. Conclusion

The provision of social care services is a labour intensive sector and the quality of social services depends on a high quality, motivated workforce. The overall payroll: revenues ratio for ORPEA is 46%. Due to demographic changes, there is a growing demand for social services in Europe. There is a parallel demand for social services workers and problems with the recruitment and retention of social services workers are found in many countries. Retention of the workforce is key to the success of ORPEA and this depends on a good ratio of workers to beds, stable employment status, good pay rates with enhanced terms and conditions.

The survey of some of the ORPEA's workforce has shown that there is a high level of dissatisfaction with pay and working conditions and this affects staff morale. Although ORPEA shows positive growth of revenues, profits and dividends in recent years, there is growing evidence that the development of a professional human resource management and a strong industrial relations culture with the trade unions as well as the creation of open information and consultation structures are not growing at the same rate. The recent labour disputes in Germany and France reflect this. Combined with the decentralized nature of running the businesses following take-overs this is creating conflicts which will affect the company negatively.

Through media reports the company will become associated more with labour conflicts than with the quality of the care services which ORPEA would like to promote. This will impact on the company reputation and will affect the demand for its services, not just from individuals but from public authorities, social security bodies and other agencies that reimburse care for users. It will also affect the recruitment of workers with reports that the company does not treat workers fairly. There is a shortage of social care workers in many European countries and with negative reports, quality staff will move to ORPEA's competitors.

ORPEA is a rapidly growing company in a labour-intensive sector. It needs to ensure good working relations with its unions and workers' representatives at the relevant levels (work place, region, national) and, in the European Union, at European level due to its workers' representation and social dialogue structures, if it is to continue with its expansion.

Jane Lethbridge
August 2018
j.lethbridge@gre.ac.uk

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