

# Assessing the social and solidarity economy in Luxembourg

Auteurs: Eva Rückert and Francesco Sarracino

STATEC/ANEC

## Abstract

This paper introduces the on-going work of a research project intended to furnish a non-exhaustive inventory of the Luxembourgish social and solidarity economy for the use of social policy makers and to increase visibility. Business register data is employed to analyse the features of the social economy and social enterprises in Luxembourg and to trace their evolution over time. The paper focuses on assessing the legal forms and economic activities and also presents some descriptive statistics on paid employment. Social and solidarity economy jobs are found to have a 7% share of total employment in Luxembourg in 2011. In 2000 the share of social jobs amounted to only 4%. These jobs are heavily concentrated in health and social work, a sector with a high share of female employment. The employment shares and employment growth are found to be unevenly distributed across legal forms and gender.

**Keywords:** Social and solidarity economy, Social enterprises and Social Jobs

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## I. Introduction

The present analysis of business register data is conducted as part of a wider research project which intends to provide an inventory of the Luxembourgish social and solidarity economy. The key objective of the project is to gain a deeper understanding of the characteristics of the social and solidarity economy and social entrepreneurship in Luxembourg and to update its statistical coverage. The main challenge is the identification of the boundaries of social and solidarity economy activities with social entrepreneurship. Associations play an important role in the Luxembourgish social and solidarity economy and are heterogeneous in their size – there are numerous associations with less than 10 wage earners as well as some with more than 250. Charitable organisations also tend to have a larger workforce relative to the other organisations observed. The activities of these important employers are concentrated in the sections of health and social work and community, social and personal service activities. This study aims to introduce the concept of social enterprises and entrepreneurship into the social and solidarity economy, arriving at a new conceptual framework to account for the number of establishments active at the national level.

As the Luxembourgish government is in the process of establishing a new legal form which intends to foster the creation and the activities of social enterprises, it is of interest to analyse the defining features of existing organisations and the observed heterogeneity of their activities which often stand in the shadow of enterprises making up the “classical” economy. Since this framework is based on the NACE nomenclature, some cross-country comparison could theoretically be carried out, but unfortunately business register data is not yet available in a harmonised EU-format.

Just as well as in Luxembourg, it also became apparent in many other countries of the world that defining the characteristics distinguishing the classical from the social economy is not straightforward because of the dichotomy between “economic” and “social” activity. Simplifying, the defining feature of classic entrepreneurship is the profit-maximizing doctrine, whereas social entrepreneurs are said

to be mission-driven or mainly oriented towards finding solutions for societal, social and/or environmental problems.

Furthermore, there exists ambiguity about the terminology used to describe activities which have social or societal benefits and the boundaries of the social sector as a separate economic sector between the public and private sector. Both the European Commission and the OECD distinguish between the notion of the social economy as a self-confined sector and social entrepreneurship as an economic activity which is distinct from classical entrepreneurship. Whereas the social economy is mainly defined by legal status, namely cooperatives, associations and mutual foundations (EC, 2010), social entrepreneurship is often viewed as being independent of legal forms and motivated by a social objective rather than purely profit maximisation. The question on how to define social finality and what it means is however subject to on-going academic and policy debate (OECD, 2009). Kerlin (2013) analyses different models for social enterprises across the world and finds them to be indirectly shaped by what governments choose to do and not to do over time because of its link to the civil society and the economy. The conceptual boundaries and the definition are evolving and not static. The latest publication of the European Commission on social economy and social entrepreneurship (EC, 2013) states that the concept of social enterprise overlaps with the traditional social economy organisations and cuts across legal forms; the legal forms mentioned include associations, cooperatives, charities as well as private enterprises or any other existing entity created in a national context for the purpose of making social enterprises independent. Hence there is no catch-all definition which is applicable to each and every country. Instead the research frontiers in this area focus on identifying cross-country similarities and differences.

The boundaries of economic and social activities are fluid and cooperation exists between citizens, trade unions, government and profit-oriented companies. Citizens are not only passive beneficiaries of the social and solidarity economy, but also participate as volunteers and as consumers who make conscious choices

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according to preferences which can be oriented towards sustainability of social values and the environment rather than price. These ties also suggest a closeness of the social economy to issues related to well-being and productivity. For example, the emergence of the professionalization of care can be viewed as one activity of the social economy which benefits society at large. Furthermore, trade unions are concerned with the quality of working conditions and governments shape and support the emergence of social entrepreneurship via public procurement procedures, public funding and legislative initiatives. And last but not least, some private companies participate in social activities through sponsoring or other forms of corporate social responsibility to gain consumer confidence.

A complete statistical representation of all social actions and all possible collaborators in Luxembourg is however beyond the scope of the present analysis. Instead we intend to draw a statistical assessment of the Luxembourgish social and solidarity economy by focusing on organisations which are part of the business register. As the selected sample consists of enterprises which reach a certain turnover threshold, it is important to note that not the entire social and solidarity economy is being captured here. Nor is the social and solidarity economy in Luxembourg identical to social entrepreneurship – a concept not accepted by all the actors involved and by itself still evolving.

Previous projects embarking on the quantification of the boundaries of social entrepreneurship are numerous and heterogeneous in approaches. The most prominent European work co-operations on conceptual frameworks are the CIRIEC and the EMES research networks. The former network developed a “Manual for drawing-up the satellite accounts of companies in the social economy: cooperatives and mutual societies” on behalf of the European Commission, Enterprise and Industry Directorate-General in 2006, and the latter developed a dialogue-based approach of social enterprise through the identification and clarification of indicators. Even though the manual provides a toolkit to position social companies within the economy at large, no country implemented this work methodology after its publication (Mertens, 2008). The EMES research network developed nine indicators

which belong to three distinct dimensions (Defourny and Nyssens, 2012):

- Economic and entrepreneurial,
- social and
- participatory governance.

These indicators enable to locate social enterprises in the economy at large.

The first step of our methodology is to widen the definitional statistical boundaries whilst basing them upon past approaches taken in Luxembourg. Hence we combine the approaches to capture the social and solidarity economy taken by Allegrezza and Molling (2006) and Peiffer and Hildgen (2010), also including private-for-profit social enterprises, to arrive at a statistical update which reflects recent developments of the national and international political and academic debate. Both past studies make use of Luxembourgish business register data. The former approach centres on the branch of the NACE classification system which aggregates social activities, whereas the latter approach is not confined to a specific branch of the economy but solely to particular legal forms, i.e. associations, cooperatives and foundations. Nevertheless we are aware of the shortcomings of our analysis due to the use of business register, particularly with respect to associations, in underestimating social and societal activities.<sup>1</sup> The organisations accounted for by the synthesising exercise of the two methodologies thus include those typically associated with the social economy – measured as the aggregate of cooperatives, mutuals, associations and foundations (Social economy and social entrepreneurship, EC, 2013) in all branches of the economy – as well as social enterprises independent of their legal form as stipulated by the Social Business Initiative of the European

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<sup>1</sup> For a detailed analysis of the role and activities of associations in Luxembourg, please refer to the recent CEPS study: Blond-Hanten, Lejealle, Segura and Waltzer (2010), *Le secteur associatif au Luxembourg*; <http://www.benevolat.public.lu/fr/actualites/2010/06/oeuvre-nationale-secours/secteur-associatif-luxembourg-etude-ceps.pdf>.

Commission (EC, 2012) within the branch of social work activities.<sup>1</sup>

The following analysis of the Luxembourgish social and solidarity economy is structured as follows: Firstly, a selection of articles on the emergence of the concept of social enterprises and entrepreneurship is reviewed together with some country examples which highlight the national differences in legal forms and the use of terminology. Thereafter the evolution of the Luxembourgish social and solidarity economy is

traced and the two existing approaches are introduced in more detail. After combining the two methodologies in section 3, a statistical update of the social and solidarity economy on the basis of the most recent business register data is presented. The analysis focuses on assessing the legal forms and economic activities of social organisations and also presents some descriptive statistics on paid employment over the last 10 years. Section 4 offers some concluding remarks.

## 2. The concept of social enterprises

Social enterprises have many different legal forms, tacking predominantly the form of cooperatives in Italy for example, and hence have to be viewed in light of national legal specificities. The most common methodology to arrive at a unifying definition is to find a comprehensive typology of legal forms and economic activities with a social or societal aim. The most recent international studies on the field make use of classifications which are a continuum of legal forms, sectors of activity and revenue-generating capacity (OECD, 2009). A comprehensive and internationally accepted definition was developed by the European Research Network in Europe (EMES). According to the network's definition, quoting the OECD report (2009), "a social enterprise is a private and autonomous organisation providing goods or services with an explicit aim to benefit the community, owned or managed by a group of citizens in which the material interest of investors is subject to limits."

An alternative approach is to find a way to distinguish social from conventional entrepreneurs and also from traditional social service organisations. Such a comparison is put forward by Martin and Osberg (2007). Their aim is to highlight the difference between entrepreneurial and non-entrepreneurial efforts to evoke social change. According to their view, entrepreneurs are individuals with special

talents, such as the ability to seize opportunities, and to pursue undertakings with an unusual rigour even in risky situations. In this the social is not different to the conventional entrepreneur: both thrive on the identification of niche markets and the pursuit of providing new solutions, thus arriving at new optimal market equilibria. However, the defining feature of classic entrepreneurship is the profit-maximizing doctrine as the paramount goal of activity, such as the provision of goods and services. Social entrepreneurs on the other hand are said to be mission-driven or mainly oriented towards finding solutions for societal or social problems. According to Dees (1998) the social mission is the central criterion for social entrepreneurs. Hence wealth creation cannot be used as a measure for value creation. Since markets do not consider improvements in social value such as public goods or benefits for poor people as value creation, it is often difficult for social entrepreneurs to attract resources. And even if an improvement in some social or societal outcome can be measured, it is controversial to attribute it to a specific action or intervention. Thus social entrepreneurs often are dependent on government subsidies, donations and volunteers to achieve their social or societal mission. Making a profit is not in itself an undesirable feature as it can ensure the sustainability of the venture, particularly in times of tight government budgets.

<sup>1</sup> Social enterprises with a business character outside of the branch of social work activities are not considered in our analysis. The appearance of more and more private for-profit companies with environmental protection or social care activities should be accounted for in the future. There does however not exist any consensus yet on how to uniformly embed private for-profit activity into the social economy.

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Santos (2009) highlights a different angle of social entrepreneurship and develops a well-bounded theory which intends to drop the apparent distinction between economic and social value in order to arrive at a new theory. The intention is to build a theory or definition which does not rely on the use of the word “social”, i.e. normative judgments on social or societal values. Instead he proposes that the pursuit of neglected positive externalities is the defining characteristic of social entrepreneurs.

Besley and Ghatak (2005) study the incentives of people attracted by work places which emphasise the importance of a common mission as opposed to profits as an organisational goal. They find that in a principal-agent set-up matching on preferences for a mission reduces the need for high-powered incentives. There is an argument for diversity in mission driven organisations in attracting highly motivated people whose mission preferences fit with the organisation. Hence productivity can be improved by matching workers and managers with similar preferences regarding the mission of the organisation. Both have non-pecuniary interests in the survival of the organisation and motivated worker's productivity is less elastic to incentive pay.

The reviewed literature is in line with the so-called “earned income” school of thought which encompasses two branches – as suggested by Defourny and Nyssens (2012):

- The commercial non-profit approach and the mission-driven business approach
- The latter also includes for-profit companies and is hence in line with our approach taken which combines the traditional social economy enterprises, i.e. those of a non-profit nature, with mission-driven for-profit social enterprises.

The EMES approach of social enterprise includes a limited profit distribution as one social dimension. This entails the distribution of profits, albeit only to a limited degree, thereby dampening profit-maximisation. However, profit maximisation can also be restricted by government from the outset. An example would be the provision of childcare in Luxembourg: those establishments which signed a convention with the Ministry for Family Affairs alongside with private-for-profit provides can take part in the

service voucher scheme which subsidises childcare for parents. Arguably, this does not coincide with the European approach which characterises social enterprises as having a high degree of autonomy and is more in line with the business philosophy common in the United States where social value can be created by public bodies and/or for-profit enterprises.

### 2.1 Social enterprises: Different country approaches

To assess how the evolution of concepts of social enterprise differs across countries, we examine five European examples. Firstly, in alphabetical order, the three neighbouring countries Belgium, France and Germany are presented because of their large influence on the Luxembourgish discourse. And thereafter the UK and Italy are briefly described because of their distinctive features regarding the social enterprise definition. The heterogeneity of approaches and clarity of definitions in the national, cultural and semantic context makes international benchmarking burdensome. In consequence the quest for an international framework is on-going. The OECD (2009) reclassified the legal approaches observed in different European countries into three models: the cooperative-, company- and the open-form model. Italy is an example of both the cooperative and the open-form model, whereas the UK can be viewed to be a representative country of the company model. Belgium, on the other hand, adopts both the open- and the company-model.

According to the OECD (2009), the cooperative model is predominant if social enterprises are legally defined to be cooperative companies with social goals. If, on the other hand, a country can be classified as one that adopts the company model for its positioning of social enterprises within the economy, then the idea of financial viability or profitability of economic endeavours with a social aim is outweighing any other criteria. This does not automatically imply the distribution of rents and surpluses to members, owners or shareholders, some laws include an “asset lock” implying a limited, if any, distribution of rents. Contrary to the other two models, the open-form model implies a lack of specific legal form in drawing the boundaries of social enterprises.

These country-based models are not mutually excluding each other and some overlap exists within and across countries.

### 2.1.1 Belgium

The third sector in Belgium is a very loose concept which is not anchored in a legislative framework. Brandeleer (2011) investigates the conceptualisation of this area of activity and finds that in Belgium the terms third sector and social economy are used interchangeably. The Flemish platform for the social economy states that there are three official definitions in Belgium; the oldest stems from the "Conseil Wallon de l'Économie Sociale" in 1990; in 1997 the Flemish council on the social economy came up with an independent definition and in 2004 a cooperation agreement between federal government and the regional units led to what is called an added-value economy. Even though there exist numerous social initiatives which were formed over the last decades, the dynamism of the sector is not captured by a confining terminology. Associations play an important role in the Belgian social economy creating numerous paid and volunteer jobs (Defourny and Nyssens, 2001). Nyssens (2008) also considers the concept of social enterprise in Belgium to be fuzzy. Instead of being used as a terminological boundary to separate social from classical entrepreneurs, the expression is employed to emphasise entrepreneurial activity within the third sector.

As witnessed in many other countries, the terminology employed varies with the interest groups tackling the issue; the terms "social entrepreneurship", "social enterprise" and "social entrepreneur" also entered the language in Belgium over the last two decades (Brandeleer, 2011). Contrary to the lack of defining criteria, which characterises the open-form model, within the realms of the social economy and the third sector, Belgium adopted a company-model when it comes to capture social enterprises by introducing the "social purpose company" in 1996.

However, as Nyssens (2008) notes, this framework was introduced to account for the many emerging associations engaging in profitable activities. The legal framework for these companies, the so-called "sociétés à

finalité sociale", can be considered as open because it allows for many different types of commercial or profitable organisations to be considered "companies with a social purpose" as long as they are not driven by the enrichment of their members and fulfil a set of clearly defined conditions (Defourny and Nyssens, 2001).

According to the first Article of the Decree of the Walloon Council of the Social Economy on the social economy and social enterprises of the year 2008, the social economy is understood as consisting of the goods and services produced through economic activities performed by societies, mainly cooperatives and/or societies with a social purpose, associations, health insurances or foundations whose ethics are characterised by certain principles. These are administrative autonomy, a democratic decision making procedure and the rule that the distribution of income to people and work takes precedence over capital. The decree of 2008 also states that social enterprises are recognised by the Walloon state by a selection procedure which involves specific modalities to be performed by representatives. The chosen representatives are deputies of the employer and employee organisations, members of the Walloon government, representatives of social enterprises and experts from universities and other higher education institutions. They decide on criteria upon which to check the representativeness of social enterprises and their experience in the area of the social economy.

The Flemish council on the social economy does not mention social enterprises explicitly and the boundaries of the social economy are determined by 13 basic and three economic conditions; the legal conditions state that entities may have various legal forms. The legal form itself is not of interest as long as organisations have a legal personality and are responsible for their economic outcomes. This also includes governmental initiatives with independent management.

### 2.1.2 France

The French social and solidarity economy has a long tradition and is comparatively straight forward to define in the national context relative to other countries. The recent report on the

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social and solidarity economy<sup>3</sup>, which was undertaken to support the creation of a new draft law, includes a short history of its development: The birth of the social and solidarity economy can be dated back to the 19<sup>th</sup> century with the establishment of the cooperative and mutual foundation movement; the following century saw the emergence of associations. Hence the boundaries of the social and solidarity economy in France are defined by legal form and are namely, cooperatives, mutual foundations, associations and foundations. However, the terminology now used in France also evolved over time and the mentioned legal states form the historic social economy, whereas the term solidarity economy emerged in the late 1970s and 1980s as a response to the economic crisis of the time, giving rise to numerous insertion programmes and other initiatives aimed at supporting persons affected by unemployment (Alternatives économiques, 2013). Also, the notion of solidarity economy encompasses the appearance of the concept of sustainability into the process of production, arriving at the term social and solidarity economy.

According to the report, the founding principles of the historic organisations as defined by legal status remained stable over time and include:

- Freedom of accession,
- democratic governance, mostly in the form of “one person, one vote”,
- independence with regard to public authorities,
- solidarity,
- no individual redistribution of profits or limited redistribution and
- supremacy of people and the social objective over capital.

These principles were adopted in 1980 by the national liaising committee for mutualistic, cooperative and associative activities (CNLAMCA) in the Charta of the social and solidarity economy which was subsequently updated by the Council of entrepreneurial employers and grouping of the social economy (CEGES). The recent vivid discourse on social entrepreneurship in France questions the rigid legal boundaries and allows for new legal forms to be introduced into the social and solidarity economy. The legal forms which are being

discussed are SA (*Société Anonyme*) and SARL (*Société à Responsabilité Limitée*) as well as SCOP (*Société coopérative et participative*) and associations. Hence there exists some overlap with the traditional and established definition in that associations can also be considered to be social enterprises. Again referring to the recent report published by the French Senat, it is a legitimate objective for social enterprises to have a market orientation just as profit-maximising firms; but their activities must have some social, societal or environmental value or be of some other public interest. Further, the profitability of the enterprise should be limited and the governance participatory without going as far as the “one person, one vote” principle.

### 2.1.3 Germany

In Germany the social economy is structured according to the subsidiarity principle and principles of social law. Brinkmann (2010) describes the relationship between public providers (“*öffentliche Träger*”) and private service providers to be one of partnership; the latter are (partially) financially dependent on social service providers. According to the author the social economy is composed of four types of organisations: Public organisations, such as public administration, and three types of so-called non-public-providers (“*freie Träger*”)

- Non-profit welfare care providers and establishments, such as the catholic childcare facilities of Caritas, for example,
- commercial i.e. for-profit providers, such as private retirement homes as independent providers of social services and
- self-employed and independent providers, such as career counsellors, for example.

The public providers are at the same time benefactors and social service providers and unlike the non-public providers are obliged to act according to the social laws (“*Sozialgesetzbuch*”). For-profit providers as opposed to public or non-profit welfare care providers are characterised by the principle of profit-maximisation and a business-style work organisation. Unlike the non-profit providers, the private providers do not participate in the social network around social policy formation. In general, public and non-profit providers do not



perform the same activities and are organised in a different way. The public providers of social services are established on a local and supra-local level; social services on a local level are urban municipalities and counties. The federal lands decide over the supra-local public service providers which are active in the area of inclusion measures for disabled persons, care and help for people with special needs and social problems. Local public providers are part of national federations which have a large influence on social policy formation and social laws. The welfare federations are also organised in a federalist manner and are legally independent on the lower local and supra-local levels. Non-public providers are distinct by legal form and are competing for the provision of services bound by politically desired performance contracts; unlike the for-profit providers, the non-profit providers are oriented towards the public good and are therefore subject to tax benefits. The non-profit providers operate under private law and can be associations, limited liability companies, foundations or cooperatives. According to Brinkmann (2010) more than one-third of social services provided by the AWO, the worker's welfare organisation, take the form of limited liability companies. For-profit providers finance themselves by public compensation for the provision of social services and private service provision for persons with independent means, particularly in the superior segment of elderly-care (Brinkmann, 2010).

The self-employed and independent social service providers are a relatively new phenomenon and are not yet organised by a so-called chamber system; service provision of such form occurs in the field of private and firm-internal childcare provision, career counselling, elderly care and activities for youth.

#### 2.1.4 Italy

The Italian social enterprise model was defined by the introduction of a specific legal status for social cooperatives in 1991. Since then the presence of cooperatives in the overall economy increased dramatically. Whereas in 1985 the number of cooperatives was 650, the total number amounted to 7 400 in 2005 (Carini, C., Costa, E., Carpita, M. and Andreaus, M., 2008). In 2005 Italy introduced a law for social enterprises (*Legge 13 giugno 2005, n.118*;

*Delega al Governo concernente la disciplina dell'impresa sociale*) which was not restricted to any specific legal form but is tied to certain requirements related to:

- social finality,
- absence of the profit motive and limited asset allocation and
- the ownership structure and provisions for social enterprises acting as groups.

There are five requirements or paragraphs specified in the law with respect to the article on social finality. The first defines sectors in which the exchange or trade of goods and services is allowed to occur.<sup>1</sup> Paragraph 3 additionally specifies that the social enterprise's main activity within these sectors has to reach an equivalent of 70% of the revenue in order to be considered as having a social finality. The second paragraph loosens these sectorial affiliation requirements as long as the activity's outcome is the insertion of disadvantaged and disabled persons into the labour market. The subsequent paragraph 4 states that at least 30% of the total workforce of the social enterprise needs to consist of disadvantaged or disabled persons in order for its social finality to be recognised. The final paragraph 5 states that for organisations of the church the provisions of paragraph 3 and 4 shall apply only to the activities referred to in this article, i.e. excluding activities outside of the specified sectors. Even though the more recent law relaxed any restrictions on the legal form of social enterprises, cooperatives remain the predominant social enterprise model in the Italian social economy.

#### 2.1.5 United Kingdom

The debate and the evolution of the concept of social enterprises in the United Kingdom leading

<sup>1</sup> The sectors are social assistance, health care, health- and social care, education, teaching and training, protection of the environment and the ecosystem, cultural heritage, social tourism, university and post-graduate education, cultural services and research, tuition outside school to prevent school drop-out and the success of education and training and support services to social enterprises.

up to the creation to the Community Interest Company (CIC) are well documented by Teasdale (2010). The author graphically plots the evolution of the British discourse along two axes encompassing four organisational types: social businesses, cooperatives, voluntary organisations with earned income and community enterprises. Mapping the semantic development of the concept of social enterprises and the political discourse lead by the New Labour government along a time line exemplifies the fluidity of the terminology and its use. According to Teasdale (2010) there are three milestones in the UK history of social enterprises: Firstly, the appearance of the term “social enterprise” in the policy literature in the year 1999, secondly the Department of Trade and Industry created a unit for social enterprises in 2001 and last but not least the merging of this unit into the Cabinet Office of the Third Sector in 2006. The chronological path from 1996 to 2010 shows a shift in the understanding of social enterprises as being mostly profit-seeking cooperatives towards a much wider set of organisations with broader social scopes. The year 1999 marks the beginning of this conceptual metamorphosis. A more dedicated policy debate on community enterprises embarked, shifting public opinion on finding solutions to fill the gap between the private and public sector whilst acknowledging their failure to provide social justice. The dividing line between community enterprises and cooperatives is the prevailing inability of the former to be financially self-sustainable. Whereas cooperatives make profits through trading goods and services, community enterprises are much more dependent on other sources of finance. The governmental response to the different, often conflicting, views of the aim and role of social enterprises was the adoption of a “one-definition-fits-all” approach. Again referring to Teasdale (2010), the initial definition of the Department of Trade and Industry of the year 2002 states: “A

*social enterprise is a business with primarily social objectives, whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners.”*

Generalising, the tensions between stakeholders of the social enterprise community hinge on lobbying interests attached to specific organisational forms and the legal obligations that come with them – whether their aim is to trade goods and services or to increase community engagement and social cohesion, for example. The initial definition was however an umbrella term and encompassed profit oriented enterprises with a social aim just as well as cooperatives and voluntary organisations. As the policy debate amongst stakeholders and governmental agencies further matured, a further shift in terminology towards the usage of “third sector” as catch-all phrase occurred. From then onwards Cabinet Office considered the third sector to be an emancipated partner in the provision of public services. The official definition was also adapted to reflect this development towards a “mixed economy”. Third sector organisations were defined as being non-governmental and driven by values rather than profit maximisation. They have social, environmental or cultural motives and principally reinvest their surplus to further their aims.

Raising awareness and public interest with the subsequent upgrading of social enterprise concerns to the Cabinet Office was mainly caused by lobbying activities of representatives of voluntary organisations (Teasdale, 2010). Hence the author concludes that the UK concept of the social enterprise is not tied to a specific organisational form, but is the product of an intense on-going policy discourse of various interest groups and organisations.

### 3. The evolution of the social and solidarity economy in Luxembourg

The Luxembourgish social and solidarity economy, as it is called today, has its roots in the social protection of low-income workers against the main risks of life such as accidents and illnesses (Allegrezza and Molling, 2006). These organisations are membership-based associations which still play a very important role in Luxembourg today (refer to Table A3 in the Appendix for further details) and could be considered as the traditional social economy organisations.

As in the other countries presented, the governmental and public understanding of the concept and role of the social economy evolved over time and was shaped by the different actors, institutions and lobbying groups. From the 1980s until the summer of 2013, the term solidarity economy was widely used, reflecting the importance of the provision of support to persons who are subject to social exclusion because of long-term unemployment or inactivity.

Similar to the evolution of the terminology employed in France, the solidarity economy is also associated with reaching ecological and social goals within participative local communities. Nevertheless, as in Belgium, the terms “third-sector” and “social economy” or “social and solidarity economy” are also used interchangeably in Luxembourg.

The strong lobbying activities of the work insertion enterprises facilitated the establishment of a *Cellule Economie Solidaire* within the Ministry of Labour and Employment in 1999. In 2009 the Luxembourgish government set up a ministerial department specifically dedicated to the social and solidarity economy and in July 2013 the Union for the Luxembourgish social and solidarity economy (ULESS) came into existence. The union's aim is to support, represent, foster and to defend the fundamental principles of the social and solidarity economy which are confined to be those of cooperatives, associations, mutual foundations and of solidarity.

Simultaneously another strand of actors, namely the research community participating in the Grameen Creative Lab activities, explored the concept of social business for Luxembourg; the group of researchers from diverse fields did not propose a recipe of how to differentiate the concept of social business from the social and solidarity economy, but recommended to analyse the performance of different enterprises with alternative legal statutes (König, 2011).

Two statistical studies analysing the social and solidarity economy in Luxembourg were undertaken at the Luxembourgish National Institute of Statistics and Economic Studies (STATEC) in the past years.<sup>1</sup> Alongside the national policy discourse, the methodologies employed to take stock of organisations and their economic activities changed over time and hence serve as a trace to track the evolution of this sector. Both studies make use of data stemming from the Luxembourgish business register which encompasses private for-profit enterprises just as well as associations, cooperatives and foundations. The first comprehensive study to capture the social economy was undertaken by Allegrezza and Molling (2006). Their analysis focuses on organisations situated in the branch 85.3 of the NACE Rev.1 Classification System. The selected branch includes social activities in the economy. On the detailed 5-digit national level (NACELUX) activities can be categorised into six sub-branches:

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<sup>1</sup> Apart from the two statistical studies, Decker (2006) described the Luxembourgish social and solidarity economy in a wider context in his thesis.

**Table 1: Social economy defined as social work activities**

<b>NACELUX</b>	<b>Social work activities</b>
85.311	Orphanages and institutions for children in difficulty
85.312	Institutes for disabled persons
85.313	Retirement homes
85.314	Other social activities with accommodation
85.321	Child- and day care centres
85.322	Sheltered workshops
85.323	Other social work activities without accommodation

The NACELUX code 85.31 refers to “Social work activities with accommodation” and the code 85.32 to “Social work activities without accommodation”. At the time the authors abstracted from retirement homes and child- and day care centres as these sub-branches included private-for-profit social activity and the social and solidarity economy was understood at the time to consist solely of associations, cooperatives and mutual foundations.

Subsequently a new method to account for the social and solidarity economy was proposed by Peiffer and Hildgen (2010). The authors do not exclude any economic branches of the business register, with some exceptions, but define the sector solely by legal form. This approach is based on the methodology developed by the French National Institute of Statistics and Economic Studies (INSEE) and was adapted to Luxembourgish legal specificities. The legal forms of relevance for Luxembourg are:

**Table 2: Social and solidarity economy defined by INSEE methodology**

<b>Luxembourgish legal forms</b>	<b>English language equivalent</b>
Sociétés coopératives	Cooperative corporation
Associations sans but lucrative	Non-profit organization
Etablissement d'utilité publique	Charitable organization
Sociétés de secours mutuels	Fraternal benefit organization
Association d'assurances mutuelles	Mutual insurance association
Associations culturelles	Cultural association
Associations sportive	Sports association

Certain branches are excluded pre-post because they are considered not to be part of the social and solidarity economy. Excluded branches are public administration, employer and consular organisations, trade unions, religious and political organisations. This group of social economy actors is very diverse and includes organisations such as the “Caisse Médico-Chirurgicale Mutualiste”, a mutual comple-

mentary health and care insurance which functions by the principles of solidarity, non-profit and non-exclusion. Another example would be “Co-labor” which is a cooperative corporation concerned with the labour market integration of jobseekers by providing training and employment in the area of maintenance of green areas.

### 3.1 A new conceptual statistical framework

In order to arrive at our updated statistical representation of the Luxembourgish social and solidarity economy, the enterprises situated in the branch of social work activities within the NACELUX are presented consecutively with those captured by the INSEE methodology and their associated legal form.<sup>1</sup>

**Table 3: Enterprises engaged in social work activities by legal form in 2011**

Code	Legal form	N	%	Cumulative
1	Sole proprietorship	7	2,2	2,2
22	Private limited company	12	3,7	5,9
24	Registered limited company	123	38,2	44,1
25	Cooperative corporation	6	1,9	46,0
61	Non-profit organisation	155	48,1	94,1
64	Charitable organisation	18	5,6	99,7
69	Private law group	1	0,3	100,0
	Total	322	100,0	

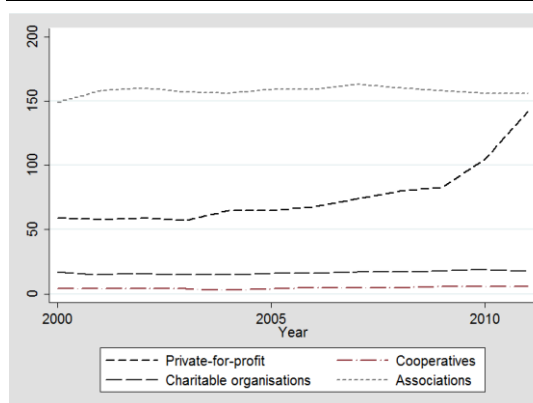
Source: STATEC, Luxembourgish business register, 2011.

As can be seen from Table 3, there are a total of 322 enterprises in the branch of social work activities. The two largest frequencies in terms of legal form are associations (48%) and enterprises with limited liability (38%), i.e. *Société à responsabilité limitée de droit Luxembourgeois*. Of the 155 associations, 136 or 88% belong to social work activities without accommodation (NACELUX 85.32).

Moreover, 114 or 93% of the total 123 registered limited partnerships (SARL) are child- and day care centres and 11 or 92% of the private limited companies (SA) are child- and day care centres or retirement homes. The line of thought for the inclusion of these sub-branches is routed in the

observed social and societal challenges associated with the increase in female labour supply and the ageing of societies as well as the social goals stated in the presentation of the service voucher scheme by the Luxembourgish Ministry of Family and Integration.

**Figure 1: Social enterprises engaged in social work activities from 2000-2011**



Source: STATEC, Luxembourgish business register, 2011.

The design of the voucher scheme pays particular attention to the vicious cycle of exclusion and poverty which starts at a very early age. And as in most Nordic countries the child-care voucher scheme is means-tested and subsidised by the government. Children from deprived households are the prime target and receive informal training to increase language abilities, cultural sensitivity and access to high quality meals.

In Luxembourg the so-called social economy of care hence consists of private-for-profit and public enterprises alike. Social business-like enterprises and the governmental organisations complement each other and offer a kind of "mixed-economy" solution. Child and day care centres can take part in the scheme by agreement with the Ministry of Family and Integration which sets the level of the subsidies as well as some quality standards. Hence child and day care centres have an incentive to participate because the agreement with the Ministry is interpreted as a signal of quality. Elderly care is financed to a large extent by the compulsory long-term care insurance and just as for child and day care centres, subsidies and

<sup>1</sup> Enterprises with a "special modality" or which are filing for bankruptcy or are in the process of liquidation are not considered. Furthermore, we only make use of observations which have information on either employment or turnover.

quality standards are determined by governmental authorities.

The time series from 2000 to 2011 of the organisations captured by the methodology of Allegrezza and Molling (2006), including child day care centres and retirement homes, exhibits a positive development which accelerates sharply after 2010. Between 2000 and 2011 the number of social enterprises increased from 230 to 322, translating into a 40% rise over this time period. Plotting the timeline separately by legal form (Figure 1) reveals a somewhat stagnating trend for associations, charitable organisations and cooperatives, whereas business-like for-profit social enterprises are the main driver for the increase in the number of organisations within the section of social work activities. With respect to the dynamics of the associations over time it could however well be that we substantially underestimate the degree of activities and employment of small entities which are not part of the business-register. For-profit oriented enterprises are responsible for about 90% of the overall increase in the number of enterprises recorded in the business register between 2000 and 2011. This development coincides with the introduction of the new policy: On the 1<sup>st</sup> of March 2009 the voucher scheme for child and day care centres came into place. From this date onwards private and publically recognized child- and day care centres operate alongside.

**Table 4: Social Enterprises according to the INSEE methodology by legal form in 2011**

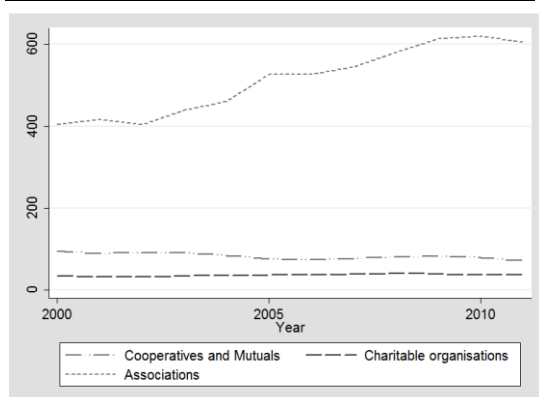
Code	Legal form	N	%	Cumulative
25	Cooperative corporation	65	9,1	9,1
61	Non-profit organisation	561	78,8	87,9
64	Charitable organisation	36	5,1	93,0
66	Fraternal benefit organisation	2	0,3	93,3
67	Mutual insurance association	4	0,6	93,8
72	Cultural association	19	2,7	96,5
73	Sports association	25	3,5	100,0
	Total	712	100,0	

Source: STATEC, Luxembourgish business register, 2011.

In total 891 enterprises can be accounted for by the adapted INSEE methodology with data from the business register of the year 2011. The two methodologies coincide at some point and the overlap constitutes 179 enterprises; these are organisations which perform social work activities and have a legal form of the adapted INSEE methodology, i.e. associations, cooperatives and mutual foundations or public establishments. Outside of the overlap the methodology applied by Peiffer and Hildgen (2010) captures 712 enterprises of which 561 or 79% are associations, 9% cooperatives and 5% are public establishments. To facilitate a summarised presentation of the time series of the different types of organisations some regrouping was undertaken; four legal form categories were formed:

- **Private-for-profit** enterprises includes the legal form sole proprietorship, private limited company and registered limited company/ partnership.
- **Cooperatives and Mutuels** includes the legal forms cooperative corporation, fraternal benefit organisation and mutual insurance association; these legal forms were grouped together because of their underlying similarity in the traditional principal of self-help stemming of the historical cooperative and mutual movement. The main objective of these companies is to carry out a cooperativised or mutualist activity to meet the needs of their typical members (cooperatist or mutualist members) who are mainly individuals, households or families.
- **Associations** include the legal forms association/ non-profit organisation, cultural association and sports association.
- **Charitable organisations** includes only charitable organisations.

**Figure 2: Social enterprises by legal form according to the INSEE methodology from 2000 to 2011**



Source: STATEC, Luxembourgish business register, 2011.

Figure 2 depicts the time series from 2000 to 2011 of the organisations accounted for by the methodology of Peiffer and Hildgen (2010) by legal form. Between 2000 and 2011 the number of organisations developed from 701 to 891, thus grew by 27%. The top dashed line shows an increase in the number of associations in the time period considered. The number of associations increased from 405 to 605. For cooperatives a small decrease in the recorded number can be observed, albeit at a low level, from 95 to 71 establishments.

Adding up the two approaches presented, hence loosening the assumptions concerning legal status and restrictions on specific areas of economic activity, results in 1 034 enterprises. The two most common legal forms are associations (68%) and private companies with limited liability (12%; Table A1). The following section will examine the characteristics of these selected social enterprises in more detail.

### 3.2 Legal form, size of enterprise and economic activities in the Luxembourgish social and solidarity economy

To provide a different angle of examination of the social and solidarity economy and to facilitate the identification of any peculiarities in the data at hand, enterprises are regrouped into four size categories: micro, small, medium and large. Micro enterprises have less than 10 wage-earners, small enterprises have between 10 and less than 50 wage-earners, medium enterprises have between 50 and less than 250 wage-earners and large enterprises have more than 250 wage-earners. As regrouping enterprises by size categories involves the data on wage-earners, 122 observations are lost due to missing information.

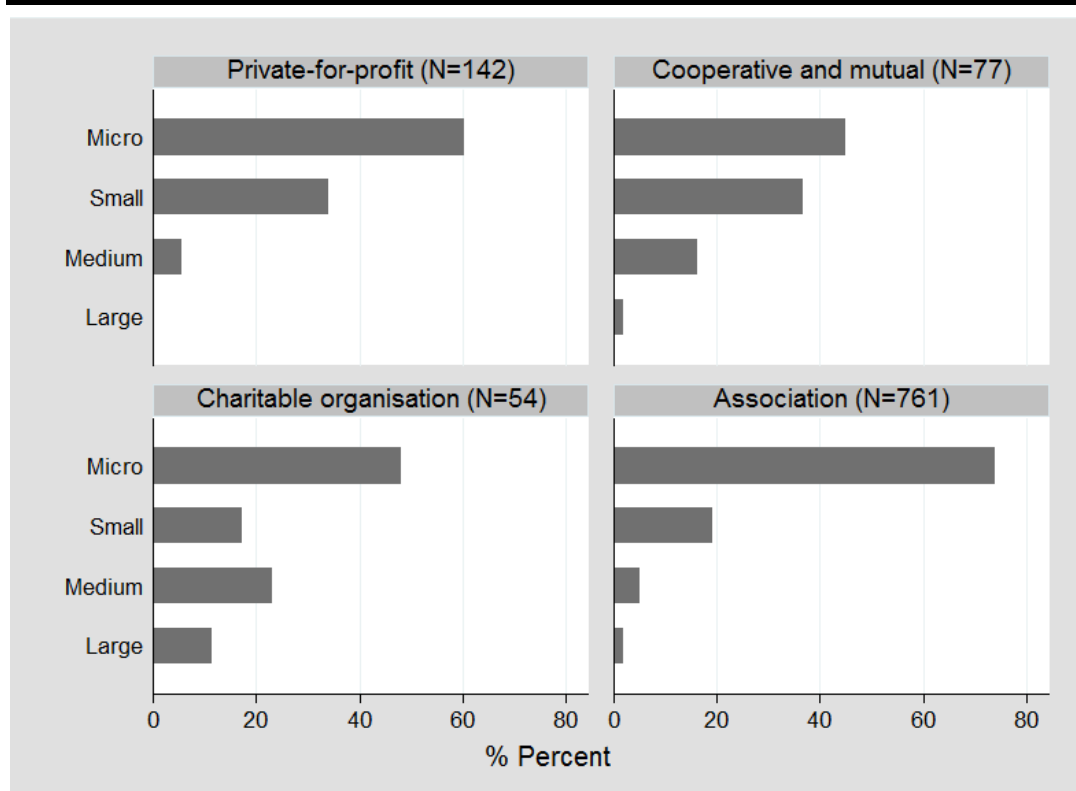
Figure 3 shows the four legal form categories by different sizes of enterprises with the frequency of enterprises in parenthesis. Amongst the 142 private-for-profit enterprises 60% are micro-enterprises with less than 10 wage-earners, 34% are small enterprises and 6% are medium-sized and hence employ between 50 and 250 wage-earners. According to our methodology no large private-sector social enterprise exists in Luxembourg. Of the 77 cooperatives and mutual foundations, 29% are micro-, 23% small-, 10% medium- and the remaining 1% large-sized enterprises.<sup>1</sup> The 54 charitable organisations are distributed as follows: 46% are micro-enterprises, 17% are of small size, 22% are medium-sized and 11% are of large size employing more than 250 wage-earners. 65% of associations employ less than 10 wage-earners, a further 17% are of small-, 5% are medium- and 2% are large-sized associations.

<sup>1</sup> More than a third of the information on the firm size of cooperatives and mutual foundations, or 36, 4%, is missing as these organisations do not appear to have any employees according to social security records.

From this graphical breakdown we can retain three characteristics: Firstly, the highest share and frequency of associations is found amongst micro sized enterprises employing less than 10

wage earners. Secondly and thirdly, private-for-profit enterprises tend to be of micro and small size, whereas charitable organisations tend to employ more wage-earners.

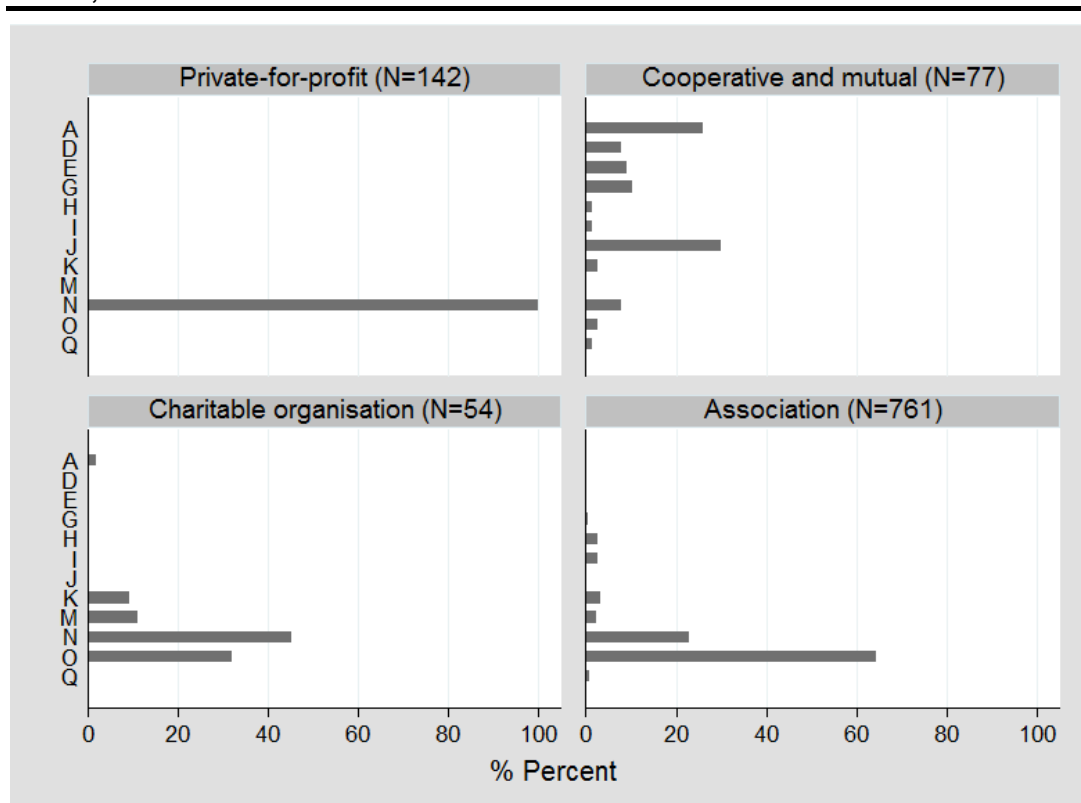
**Figure 3: Legal form of the enterprise by size in 2011, in %**



Source: STATEC, Luxembourgish business register, 2011;



**Figure 4: Legal form of the enterprise by economic activity (Sections NACE Rev1.1) in 2011, in %**



Source: STATEC, Luxembourgish business register, 2011; Note: Section A: Agriculture, hunting and fishing; Section D: Manufacturing; Section E: Electricity, gas and water supply; Section G: Wholesale and retail trade, repair of motor vehicles; Section H: Hotels and restaurants; Section I: Transport, storage and communication; Section J: Financial intermediation; Section K: Real Estate, renting and business activities; Section M: Education; Section N: Health and social work; Section O: Other community, social and personal service activities; Section Q: Extra-territorial organisations and bodies.

Figure 4 shows the four categories of legal forms by sections of the NACE Rev 1.1 with the frequency of enterprises in parenthesis. Overall 834 of the 1 034 social enterprises, or 81% are situated in sections N and O. Section N includes health and social work activities and section O other community, social and personal service activities. To obtain a better grasp of the heterogeneity of activities of enterprises in the social and solidarity economy, Table A3 summarises the ten major economic activities. These economic activities represent 78% of total activities in the social and solidarity economy. The economic activities with the largest share are membership organisations (26%), followed

by crèches and child-minding centres (16%) and other sports activities (14%).

The first panel of figure 4 on the top left depicts the economic activities of the 142 private-for-profit social enterprises which are to 100% within the section health and social work. The activities of the 77 cooperatives and mutual foundations are by contrast more heterogeneous: the largest share of activities is situated in the section capturing financial intermediation (30%), followed by agriculture, hunting and fishing (26%) and whole sale and retail trade (10%). The remaining activities are scattered over the entire economy, with the exception of the education sector which does not incorporate any

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cooperatives or mutual foundations. Charitable organisations are also mostly active in sections N and O of the NACE classification, with 44% and 32% of activities in the respective sections, but there also exists economic activity in the areas of agriculture, hunting and fishing as well as real estate, renting and business activities and education.

For associations a somewhat similar pattern emerges, 84% are active in the section N and O, 62% operate in the section of other community, social and personal service activities and 22% in health and social work. The remaining activities are distributed over the entire spectrum of the economy with the exception of the section covering electricity, gas and water supply. 3% of associations are found to be situated in the section encompassing activities in real estate, renting and business activities, 3% are hotels and restaurants and another 3% are active in transport, storage and communication.

Summarising, two important findings can be retained apart from the obvious predominance of activities in sections N and O: Firstly, private-for-profit social enterprises are exclusively active in the social economy of care, i.e. health and social work and secondly, cooperatives and mutual foundations are unusual relative to the remaining actors of the social and solidarity economy in that their main activities lie outside the two most frequently observed sections of the Luxembourgish social and solidarity economy.

### 3.3 Employment in the Luxembourgish social and solidarity economy

Within the business register data, employment is recorded as a headcount of wage-earners and the reference frame is an annual average of monthly data from social security records (*Inspection Générale de la Sécurité Sociale*). In total the Luxembourgish social and solidarity economy consists of 25 032 wage earners, part- and full-time. 59% or 14 637 of these jobs are created by associations, 26% within charitable organisations, 8% by private-for-profit social enterprises and 8% by cooperations and mutual foundations.

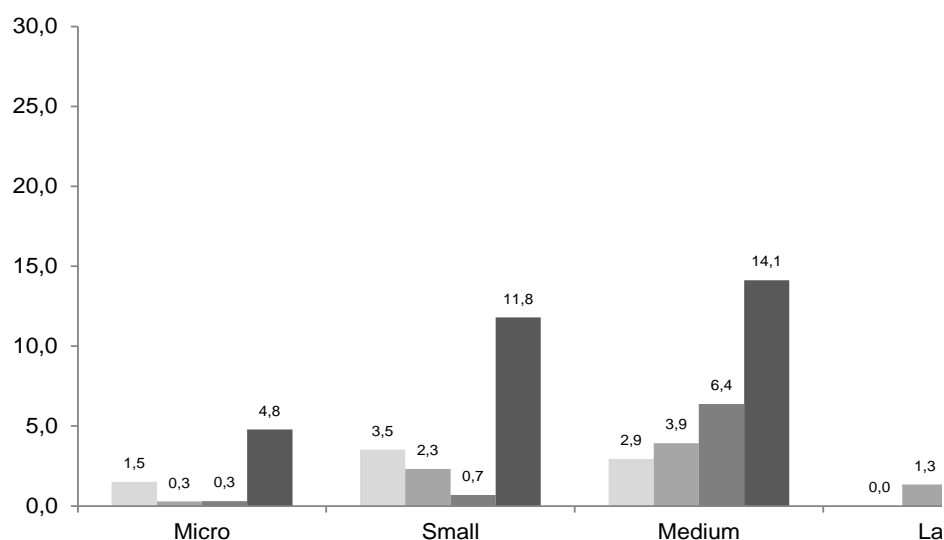
**Table 5: Number of wage-earners by size of enterprise in 2011**

Size	Organisations		Wage-earners	
	N	%	N	%
More than 500	7	0,7	7 244	28,9
250 and <500	13	1,3	4 623	18,5
100 and <250	29	2,8	4 416	17,6
50 and <100	34	3,3	2 438	9,7
10 and <50	203	19,6	4 587	18,3
5 and <10	121	11,7	856	3,4
>1 and <5	256	24,8	678	2,7
Solo	134	13,0	134	0,5
Less than 1	115	11,1	58	0,2
Missing information	122	11,8		
Total	1 034		25 032	

Source: STATEC, Luxembourgish business register, 2011

In term of the size of the establishment Table 5 shows that nearly half or 47% of jobs in the social and solidarity economy are created by large employers with more than 250 wage-earners even though these establishments make-up only 2% of the total number of organisations. Medium-sized organisations make-up 6% of the total number of social establishments and create nearly a third or 27% of total jobs. 31% of enterprises are small and job creation sums to 22% of total employment. Micro-enterprises are the most numerous and account for 49% of the total number of enterprises in the social and solidarity economy and yet create only 4% of total social jobs.<sup>1</sup>

<sup>1</sup> As the firm-size categories were created from the employment data, the extent of missing information amounts to 11,8% - the share of those enterprises without employment information.

**Figure 5: Employment by firm-size and legal form in 2011, in % of total**

Source: STATEC, Luxembourgish business register, 2011

Jobs within large social enterprises are to 1% created by cooperatives and mutual foundations, 18% by charitable organisations and 28% by associations. Amongst medium sized enterprises associations also create the most jobs with a share of 14% of total employment. Medium-sized charitable organisations create 6% of total jobs, cooperatives and mutual foundations 4% and private-for-profit social enterprises 3%. Small associations employ 12% of the social and solidarity economy workforce, small charitable organisations 1%, cooperatives and mutual foundations 2% and small private-for-profit firms 4%. Also within the group of micro-enterprises associations hold the largest share of total social jobs with 5% and less than 2% in the other categories.

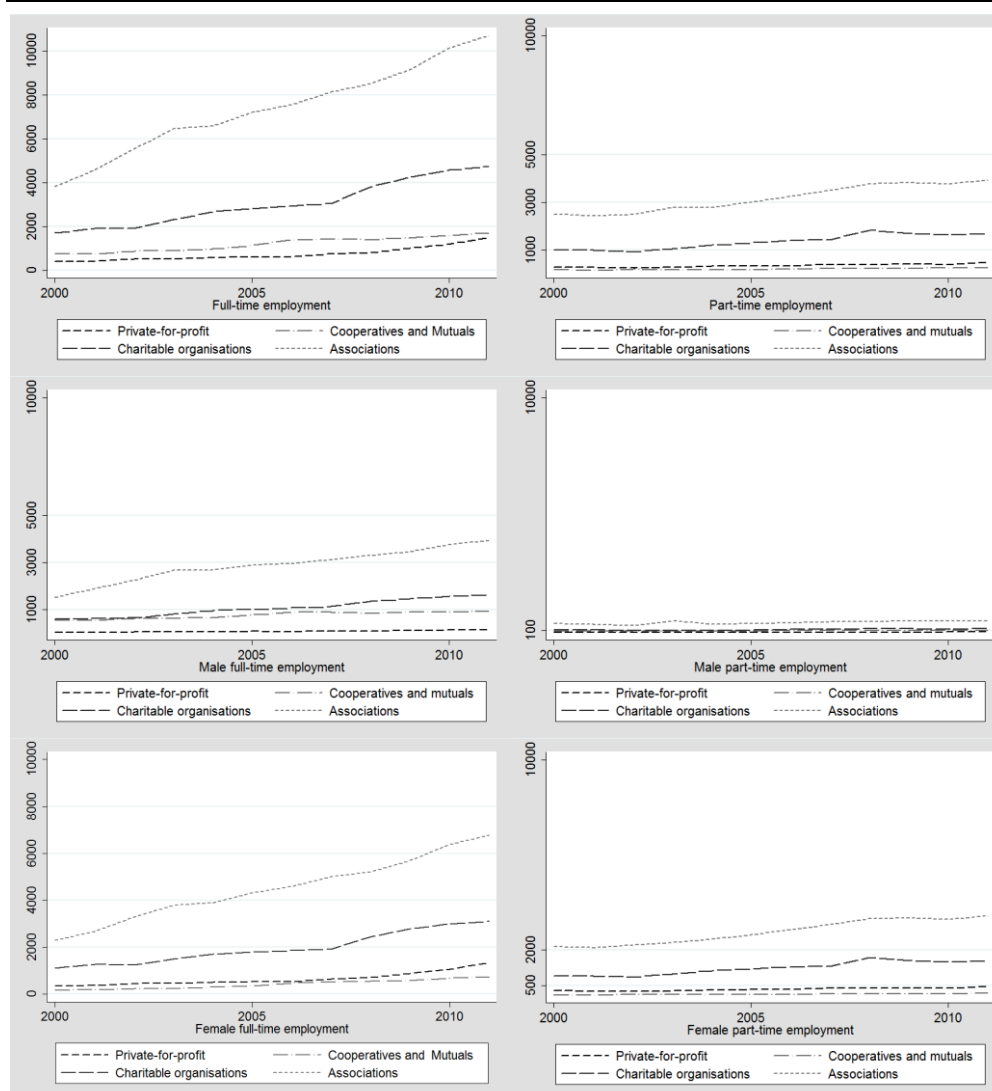
From Table 6 it can be depicted that women hold 70% of social jobs. Charitable organisations have a slightly above average female share and private-for-profit enterprises show to have a share of female wage-earners of nearly 91%. Conversely, more than half of the wage-earners working in cooperatives and mutual foundations are men. Part-time jobs have a share of 26% of total jobs. The share is fairly even across legal forms with the exceptions of cooperatives and mutual foundations which have a below average share of part-time work of about 14%. The female share amongst part-time wage-earners lies at around 88% and is lowest in cooperatives and mutual foundations (64%) and highest in private-for-profit social enterprises (96%).

**Table 6: Share of female wage-earners by legal form in 2011**

	Total N	Female Share %	Part-time N	% of Total	Female Share %
Private-for-profit	1 995	90,7	489	24,5	95,5
Cooperative and Mutual Foundation	1 974	46,7	267	13,6	63,5
Charitable organisation	6 426	72,1	1 693	26,3	90,1
Association	14 637	69,6	3 931	26,8	87,1
Total	25 032	70,1	6 379	25,5	87,6

Source: STATEC, Luxembourgish business register, 2011.

Figure 6: Number of wage-earners by legal form, contract type and gender 2000-2011



Source: STATEC, Luxembourgish business register, 2011.

The six panels of Figure 6 above show the development of the number of wage earners, men and women by contract type and legal form from 2000 to 2011. The number of overall wage-earners captured by our methodology more than doubled in the time span under consideration: from 10 641 in the year 2000 to 25 032 in 2011. Female employment gains slightly lie above male rates and hence the share of social jobs held by women also increased over the last

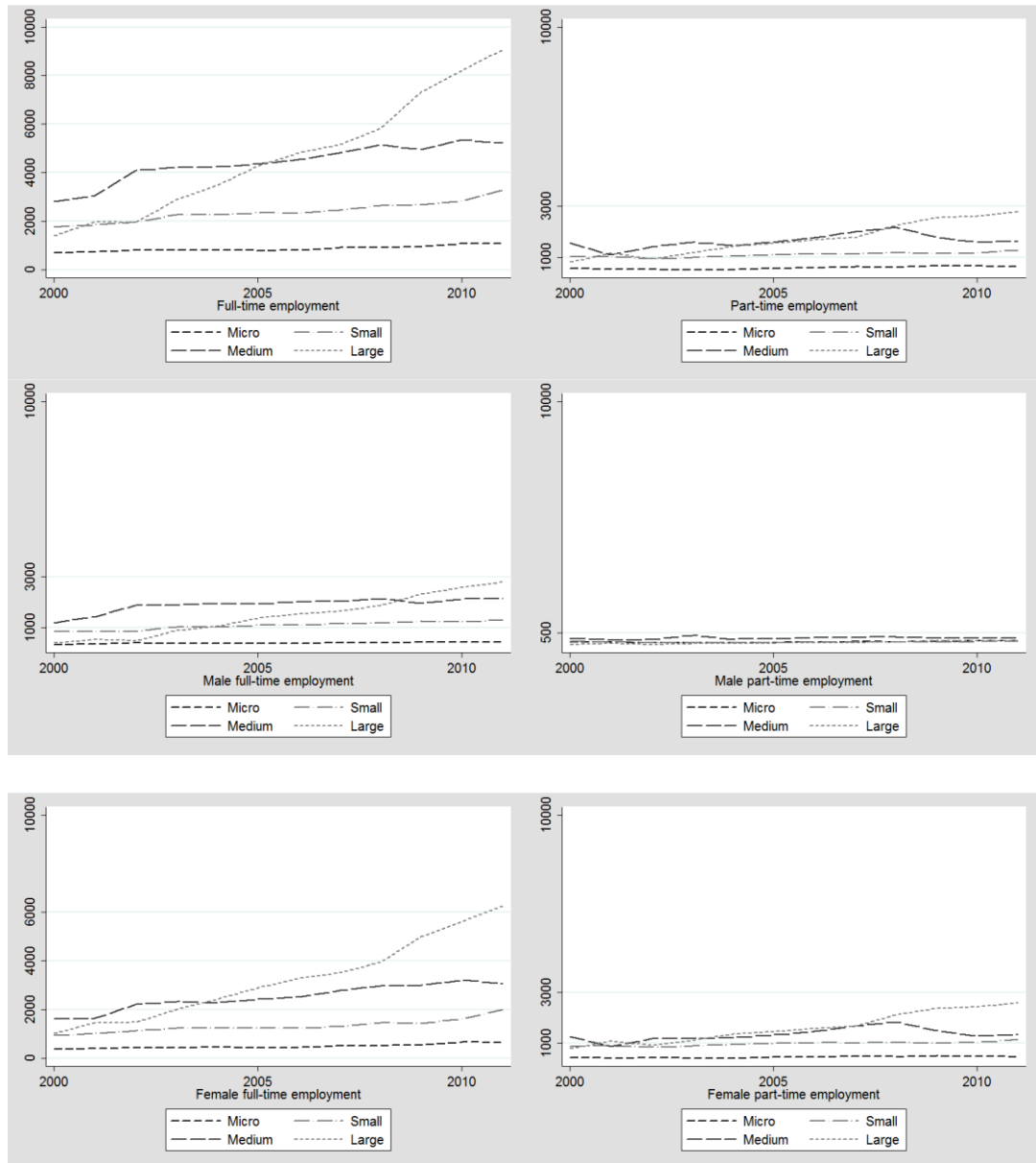
decade, albeit only slightly, from 69% to 70%. Looking at the changes in employment by legal form and gender over time reveals some heterogeneity with respect to the characteristics analysed.

Although the rate of relative job gains in percentage terms is not the highest amongst associations, the lion share of jobs in the social and solidarity economy are created in these

organisations. The number of jobs in associations more than doubled between the year 2000 and 2011, from 6 324 to 14 637. A similar increase in the number of jobs occurred in charitable organisations over the 10 years considered – from 2 718 to 6 426 social jobs. In both types of organisations men slightly increased their share of jobs, but women remain the most predominant gender in the social and solidarity workforce. The highest relative employment gains in percentage terms occurred in the private sector for both men and women, even though the absolute numbers are small

relative to the other legal forms. Women working in private social enterprises in the year 2000 sum to 624 and 1811 in 2011, whereas for men these absolute numbers are 56 and 185, respectively. The highest female employment growth rate can be observed for cooperatives and mutual foundations. In the year 2000 the headcount of women working in cooperatives amounted 286 and jumped to 922 by 2011. Thus the female employment ratio within cooperatives and mutual foundations altered from 31% in 2000 to 47% in 2011.

Figure 7: Number of wage-earners by firm-size and contract type, 2000-2011



Source: STATEC, Luxembourgish business register, 2011

Figure 7 shows the number of wage-earners by firm-size and contract type. Albeit the absolute numbers hide the extent of the differences in the changes across firm-size, the figure depicts a considerable rise in employment in large enterprises with more than 250 wage-earners. In the year 2000 large organisations created 2 218 social jobs rising to 11 866 in 2011. Hence large

social enterprises hold nearly half or 47% of jobs in the social and solidarity economy in Luxembourg. A breakdown of large enterprises by legal form reveals the importance of large associations and charitable organisations. Amongst the 20 large enterprises observed in 2011, 13 are associations, six are charitable organisations and only one is a cooperative.

Following these organisations over the 10 years under consideration shows how these enterprises evolved and grew in size over time, creating more employment. Only three large establishments can be traced to be of large-size from the outset, i.e. the year 2000. The remaining enterprises grew in size during the past ten years. Most of these steeply growing large enterprises are active in the economic section of social work activities.

Table 7 above shows the total of 25 032 wage-earners in 2011 across economic activities as well as the associated female share. As noted earlier, job creation in the social and solidarity economy mainly occurs in health and social work where the female share of wage-earners amounts to 76%. Women are also overrepresented in education (68%) and hotels and restaurants (62%). The share of women lies below that of men in agriculture, hunting and fishing (39%), manufacturing (38%) and real estate, renting and business activities (40%).

**Table 7: Share of female wage-earners by economic activity (sections NACE Rev1.1) in 2011**

Economic activities	N	%	Female
Section A: Agriculture, hunting and fishing	513	2,0	38,7
Section D: Manufacturing	156	0,6	38,0
Section E: Electricity, gas and water supply	21	0,1	12,4
Section G: Wholesale and retail trade, repair of motor vehicles	148	0,6	51,0
Section H: Hotels and restaurants	285	1,1	62,0
Section I: Transport, storage and communication	106	0,4	56,6
Section J: Financial intermediation	567	2,3	58,1
Section K: Real Estate, renting and business activities	1 205	4,8	39,5
Section M: Education	1 400	5,6	68,3
Section N: Health and social work	18 986	75,8	75,6
Section O: Other community, social and personal service activities	1 629	6,5	53,3
Section Q: Extra-territorial organisations and bodies	4	0,0	33,3
Missing information	13	0,0	52,7
<b>Total</b>	<b>25 032</b>	<b>100,0</b>	

Source: STATEC, Luxembourgish business register, 2011.

## 4. Concluding remarks

The present analysis of the Luxembourgish business register data is part of a research project designed to provide a non-exhaustive inventory of the Luxembourgish social and solidarity economy. By our definition the social and solidarity economy in Luxembourg created 25 032 jobs in 2011, which translates to an overall share of about 7% of total employment.<sup>1</sup> This figure is consistent with the 7% provided by the European Economic and Social Committee for Luxembourg for the years 2009-2010. According to the report of the European economic and social committee, the relative employment share of the social and solidarity

economy in Belgium is 10%, in France 9% and in Germany 6%.

Comparing the national figures to the situation in the year 2000, we observe an increase of the overall employment share of social jobs of 3 percentage points. The share of employment created in the social economy amounted to 4% in 2000 with a total of 10 638 wage-earners.

Since the organisations analysed are all part of the business register, and have by definition an annual turnover above 10 000 Euro indicating continuous economic activity, they could be also categorised as social enterprises independent of their legal form. As noted earlier, the business register does not include organisations with a smaller turnover thus excluding an important part of social and solidarity activity. Therefore it is not

<sup>1</sup> Total wage-earners in 2011 amounted to 347,7k and 244,4k in 2000 (STATEC, Le Luxembourg en chiffres, Luxembourg).

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straightforward yet to categorise the Luxembourgish social enterprises into existing models observed in other countries as no consensus exists on the concept itself. At first glance, the Luxembourgish model appears to be open in terms of legal forms; a deeper analysis sheds light on the conceptual discrepancies of the various interest groups active in Luxembourg.

Including the private-for-profit social enterprises which are situated within the section of social work activities of the nomenclature of economic activities into the assessment of the Luxembourgish social and solidarity economy highlights its heterogeneity and potential for social innovation. The neighbouring countries Belgium, France and Germany accommodate the concept of private-for-profit into their understanding of the social economy to different degrees; nevertheless there is no body which represents the interests of all legal entities. In light of the developments observed in other countries, which include deteriorating working conditions and quality of service, it would be of societal interest to embrace the for-profit social enterprises and to study evolving spill overs.

Associations are undeniably the main root of the national social economy from which the sector grew. And as in most European countries, associations still represent the most commonly observed legal form. According to our methodology their overall share amongst social enterprises amounts to 74%. Moreover, more than every second job is created by an association. Thus associations have a very strong position in terms of labour market presence and their situation is somewhat unique as they are embedded within a strong welfare state which fosters and subsidises employment (OECD, 2013). The number of wage-earners employed in associations more than doubled between 2000 and 2011. The majority of these jobs were created in associations of large size. A noticeable rise in employment also occurred in large charitable organisations – from 2 718 to 6 426 social jobs over the 10 years considered. Contrary to the situation in the UK, the employment growth of these social enterprises is not a myth evoked by changing concepts due to shifting ideologies (Teasdale, Lyon and Baldock, 2013), but the result of a strong demand.

Albeit cooperatives are shown to be distributed across a wide array of economic activities, their weight in terms of frequency and employment share is fairly limited relative to other legal forms. Regarding the creation of employment, cooperatives are roughly comparable to private-for-profit social enterprises which are mostly child- and day care centres. Nevertheless cooperatives are an exception in the Luxembourgish social and solidarity economy as the composition of activities across economic sectors and the associated gender segregation appears to be atypical. Whereas the female employment share in private enterprises amounts to 91%, it is merely 43% in cooperatives. Furthermore, cooperatives are unusual relative to the remaining social enterprises because their main activities are not related to care.

Looking at the size of social enterprises by legal form, we observe a high share and frequency of associations amongst micro social enterprises employing less than 10 wage earners as well as large ones. Private-for-profit social enterprises have a tendency to be of micro- and small size and they are only active in the social economy of care, i.e. health and social work. Conversely, charitable organisations tend to have a larger workforce relative to the remaining social enterprises. Even though diversity in terms of economic activity in the social and solidarity economy exists, the data at hand shows that it is not as pronounced as sometimes perceived. Most economic activities, as proxied by the number of wage-earners, are situated in sections health and social work and community, social and personal service activities. The economic section health and social work alone makes-up 33% of social enterprises and creates 76% of social jobs in Luxembourg. And of the fast growing large associations, about three quarters are situated in the economic section of social work activities.

To conclude, the present study provided an updated overview of some major features concerning a segment of the Luxembourgian economy that is – by its own definition – difficult to monitor and to evaluate. Previous theoretical and empirical applications were considered jointly and integrated with child- and elderly-care activities to achieve a more encompassing overview of the social and solidarity economy in Luxembourg. However, this field of research in



Luxembourg – as well as abroad – is still in its infancy and various issues remain open. A first aspect concerns the use of data from business registers which prevents to account for the important role of small associations and of other smaller economic entities. Undoubtedly this aspect limits the scope of the present work by underestimating the size and the role of social and societal activities. Hence, one of the challenges for future studies is to integrate further available information and to provide a more detailed picture. Issues of governance as well as the role of democratic participation also need to be investigated further.

Nonetheless, the present analysis represents an important starting point to tackle some further research issues seldomly addressed in the literature. One of these issues concerns the non-economic impacts of the social and solidarity economy. The literature on the topic suggests that social enterprises favor positive social

outcomes, but this hypothesis remains largely unexplored. Available data allow to empirically address this issue. Further unexplored issues in Luxembourg concern the micro determinants of the participation in a social enterprise. The present research revealed that social enterprises in Luxembourg mainly employ women and allow for part-time employment. However, information concerning other features of their employees are missing: are wage-earners high or low skilled? What age do they have? What are their working conditions? These are only some of the questions that future research should address. Finally, future research should also explore the relationship between social and solidarity based entrepreneurship and another development of social business: social corporate responsibility. Summing up, despite the many limitations of current work, this analysis represents a starting point for a more in-depth exploration of social entrepreneurship in Luxembourg.

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## Appendix:

**Table A1: Number of enterprises by legal form in 2011**

Code	Legal form	N	%	Cumulative
1	Entreprise individuelle	7	0,7	0,7
22	Société anonyme de droit Luxembourgeois	12	1,2	1,8
24	Société à responsabilité limitée de droit Luxembourgeois	123	11,9	13,7
25	Société coopérative de droit Luxembourgeois	71	6,9	20,6
61	Associations sans but lucratif	716	69,3	89,9
64	Établissement d'utilité public	54	5,2	95,1
66	Société de Secours Mutuels	2	0,2	95,3
67	Associations d'Assurances Mutuelles	4	0,4	95,7
69	Groupement de droit privé	1	0,1	95,7
72	Association culturelle	19	1,8	97,6
73	Association sportive	25	2,4	100,0
	Total	1 034	100,0	

Source: STATEC, Luxembourgish business register, 2011.

**Table A2: Number of enterprises by sections within the NACELUX Rev. 1.1 classification in 2011**

Economic activities	N	%	Cumulative
Section A: Agriculture, hunting and fishing	23	2,2	2,2
Section D: Manufacturing	8	0,8	3,0
Section E: Electricity, gas and water supply	7	0,7	3,7
Section G: Wholesale and retail trade, repair of motor vehicles	11	1,1	4,7
Section H: Hotels and restaurants	20	1,9	6,7
Section I: Transport, storage and communication	20	1,9	8,6
Section J: Financial intermediation	24	2,3	10,9
Section K: Real Estate, renting and business activities	32	3,1	14,0
Section M: Education	22	2,1	16,2
Section N: Health and social work	341	33,0	49,1
Section O: Other community, social and personal service activities	493	47,7	96,8
Section Q: Extra-territorial organisations and bodies	7	0,7	97,5
Missing information	26	2,5	100,0
Total	1 034	100,0	

Source: STATEC, Luxembourgish business register, 2011.

**Table A3: Ten main economic activities according to the NACELUX Rev. 1.1 classification in 2011**

<b>Code</b>	<b>Economic activity</b>	<b>N</b>	<b>%</b>
91.330	Membership organisations	265	25,6
85.321	“Crèches” and child-minding centres	170	16,4
92.620	Other sports activities	141	13,6
85.323	Other social action activity	71	6,9
92.310	Drama and music	56	5,4
85.322	Sheltered workshops	43	4,2
85.313	Retirement homes	17	1,6
55.220	Exploitation of land for camping sites	17	1,6
63.303	Touristic assistance services	15	1,5
92.520	Museums activities and preservation of historical sites and buildings	14	1,4
	Remaining activities and missings	225	21,8
	<b>Total</b>	<b>1 034</b>	<b>100,0</b>

Source: STATEC, Luxembourgish business register, 2011.