



Fostering Social Entrepreneurship Ecosystems – a Policy Perspective

Report from Malta Enterprise Workshop

30 September 2021



MALTAENTERPRISE

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1. Introduction

The following report provides a summary of the presentations and discussions that took place during the online Workshop that was organised by Malta Enterprise, as part of the FOSO-POCO project.

The FOSO POCO project partners are Malta Enterprise (Malta), Cork Local Council (Ireland), Tartu City Government (Estonia). These three public entities joint forces to understand, support and foster the social entrepreneurship ecosystem in Cork, Tartu and Malta by involving local stakeholders and experts, as well as identifying and using good practices; assisting promising social enterprises to pilot, pitch and internationalise their products or services; establish local frameworks to assist social enterprises in a post-Covid economy.

There are various reasons for the partners to embark on this project. Firstly, Social Entrepreneurs are important actors of social transformation, catalysing inclusive growth, empowering disadvantaged groups and creating social change. In fact, there are many inspiring examples of successful businesses aiming at solving societal problems. Secondly, despite increasing numbers globally, Social Entrepreneurship is still limited, however where private sector fails to meet social needs and there is a lack of an institutional framework, there is opportunity / need for Social Entrepreneurship. Lastly Social Enterprise is on all three partners' respective policy agenda as well as on the European Union's agenda, emanating in its 2021 Social Enterprise Action Plan.

The various project workshops aim to:

- improve collaboration between existing respective local networks and stakeholders
- support partners' respective local social economy community
- boost inter-regional learning between social economy stakeholders, supporting the fostering of an interregional social economy community between Malta, Cork and Tartu.
- conduct interregional peer reviews of partners' social entrepreneurship ecosystem, including discussion of the region's gap analysis, with participation of all three partners' stakeholders and experts; and
- create networking and learning opportunities between partners' key stakeholders.

Further information on the project can be found at the project webpage:

<https://www.corkcity.ie/en/doing-business-in-cork/european-projects/foso-poco/>

2. Theme and agenda of workshop

The theme of the third FOSO POCO project workshop was: *Fostering Social Entrepreneurship Ecosystems – a Policy Perspective*.

The number of participants registered for the workshop was 54. The participants hailed from local government, academics, support organisations, research and enterprise. The breakdown of participants by location is as follows:

| | |
|----------|----|
| Malta: | 19 |
| Ireland: | 15 |
| Estonia: | 17 |
| Other: | 3 |

The first part of the morning gave the participants an overview of the Maltese ecosystem and presented two good practices. The second part of the agenda dealt with the theme of public policy and the support to / fostering of social enterprise in the regions.

Two thematic presentations were given, the keynote being by Mr Victor Mesenguer of Social Economy Europe about the forthcoming EU Social Economy Action Plan. The sessions ended with a panel discussion about the project thematic.

The moderator of the workshop was Mr Pedro Alvarez, from Malta Enterprise.

The agenda can be found in the Appendix.

3. Summary of presentations

The presentations can be found at: <https://www.corkcity.ie/en/doing-business-in-cork/european-projects/foso-poco/>

3.1 Introduction – Pedro Alvarez, project manager, Malta Enterprise

The participants were welcomed to the event and the agenda for the day was presented.

In his presentation the speaker presented in brief Malta Enterprise and its role as National Economic Development Agency in the Maltese economy, as well as its interest in fostering and supporting social enterprise.

He touched upon the state of social enterprise in Malta and provided an introduction as to what is happening at policy level, particularly that the local Bill which will regulate social enterprise is being discussed at Parliament.

He then gave an overview of the FOSO POCO project, the desired outcomes and explained Malta Enterprise's interest in this project.

He looked back at the previous two workshops, organised respectively by Cork City Council and Tartu City Government, and linked these with the Malta workshops; and finally explained the objectives of these workshops before giving the floor to the first speaker.

www.maltaenterprise.com

3.2 Malta Social Enterprise Ecosystem – Dr Roberta Lepre, Weave Consulting



This presentation focused on providing an overview of Social Enterprise in Malta, and a SWOT. This presentation was undertaken by Dr Roberta Lepre, based on her intensive research in the subject for the Interreg project ENISIE, which ran in 2019. Carried out research with substantial number of players in the ecosystem, mapping the ecosystem, and understanding the needs of the players in the ecosystem. Together with the FOSO POCO project it provides insights and evidence of the need of the sector in line with international best practice.

Malta does not have yet a legally adopted definition. A Bill has been presented in Parliament and is work in progress.

Malta has a very vibrant ecosystem, with hundreds of players with different legal setups. Some are LLC's, NGO's, Co-ops, self-employed, public enterprises and others. The majority of these are providers of services, the minority provides products, a small number offer both. The majority are micro-businesses, employing 9 people or less, and have insufficient knowledge about Social Entrepreneurship, Social Innovation, tools that can be used, etc.

Majority of players do collaborate with other entities and many are interested in potentially cross-border collaboration opportunities.

The majority of the players rely on founder capital to set up, and other private investment for the start-up phase.

The research undertaken identified Business Mentoring & coaching as the main kind of support required, and to a lesser extent any other professional service that regular businesses might require, such as legal, marketing, business development, technology where mentioned.

The main barrier to growth is lack of financial resources to further innovation and grow the business.

Questions arose if there had been any collaboration with incubators and Dr Lepre acknowledged that this was the case and was very positive. Dr Baldacchino reiterated that the University of Malta runs also an incubator under the Centre for Entrepreneurship, Business and Innovation which has also a social focus.

<https://weaveconsulting.eu/>

3.2.1 SWOT analysis of Malta's ecosystem

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|--|---|
| <p>Strengths:</p> <ul style="list-style-type: none"> • Geographical position in the Mediterranean which can be capitalised to foster cross-border collaboration • Strong focus on community building • Link with Malta Enterprise facilitates access to existing services and schemes. • Political will to support the creation of a social innovation ecosystem • Access to public funding to address national goals | <p>Weaknesses:</p> <ul style="list-style-type: none"> • Lack of a legal and policy framework • Little experience in social innovation • A large number of 'competitors' • No specific support services for SE's • No specific grants for SE's • No private investment |
| <p>Opportunities:</p> <ul style="list-style-type: none"> • Growth in demand for positive social products and services • The creation of a unique and authentic boutique service provider in the area of social innovation • Not many established players in the provision of specialised social innovation services locally • Access to international collaboration, especially with Sicily • Join Impact Hub Franchise • Provide 'do it for you' services rather than mentoring and guidance offered by other hubs • Alliances with 'high profile' private sector operators to create enhanced attractiveness and credibility • Attract 'digital nomads' • Focus on a specific niche like social innovation | <p>Threats:</p> <ul style="list-style-type: none"> • Public sector procedures reduce agility of operations compared to private sector competitors • The existing hubs and incubators might be perceived as more appealing due to existing services provided • Tapping into foreign markets implies the need to fully understand the markets being targeted • Difficulties in finding employees with the right skills |

3.3 Social Entrepreneurship: Insights from Maltese Academia by Dr Leonie Baldacchino, Edward de Bono Institute for Creative thinking and Innovation, University of Malta



Dr Baldacchino shared 3 Master degree Thesis research of former students of the Edward de Bono Institute for Creative thinking and Innovation at the University of Malta, related to Social Entrepreneurship challenges in Malta.

The first research presented was an Innovative Water Conservation Project. The author surveyed 244 respondents and various expert stakeholders. Two of the main conclusions were that there is a need for more environmental issues awareness and that the Maltese Government holds a decisive role in developing social entrepreneurship.

The second study focused how Social Entrepreneurship contributes to social wealth in Malta. The author interviewed key decision makers within social enterprises. The author concluded that despite social wealth is being created through the social issues the entrepreneurs are addressing, a social impact assessment is not carried out for various reasons, particularly lack of resources, difficulty of measuring social value and lack of formal requirements for such measures. Also Social Enterprises are not legally recognised and the public are not fully aware of what they are, the author argues that this legal uncertainty is a barrier toward the development, sustainably and growth of social entrepreneurship.

The third study presented was on social innovation in Maltese SMEs. The author investigated the extent and factors of engagement in social innovation by local SMEs, and how these SMEs can be supported to engage in social innovation. The author surveyed 71 respondents. The results showed that the majority have no experience with social projects and highlighted the limited knowledge about what social innovation is and survey respondents showed to be neutral when asked about the organisation's social entrepreneurial orientation, showing clear room for improvement.

In her concluding remarks, Dr Baldacchino put forward that a growing interest can be observed among Maltese students in areas of social, environmental, sustainable and circular entrepreneurship.

<https://www.um.edu.mt/create>

3.4 The Valletta Design Cluster by Caldon Mercieca, Manager Valletta Design Cluster



Mr Mercieca gave an overview of the history and some background of the location where the Valletta Design Cluster is located, the ideation/preparation phase – including the strong community involvement pursued, the construction and the operational phase.

The Valletta Design Cluster within the Valletta Cultural Agency is a community space for cultural and creative practice situated in the renovated Old Abattoir in Valletta. The project supports design and entrepreneurship having a positive social impact, taking collaborative creative approaches as the key to achieve benefits for individuals, communities and society at large. The project aims at bridging gaps which may feature in the current cultural and creative ecosystem by actively engaging with practitioners working on initiatives targeting cultural and social wellbeing.

The Valletta Design Cluster provides public space accessible to the general public on the roof and in the central courtyard. On the other hand, the main facilities for cultural and creative practitioners are accessible via membership scheme aimed at providing equitable accessibility to resources, safeguarding health and safety to users, and ensuring an effective management of the members' community.

The communities that make up the Valletta Design Cluster consist of various individuals and organisations that generate positive social value through creativity, enterprise and social impact. These range from independent practitioners to micro-entrepreneurs, public entities to international partners, residents to students in various disciplines, makers and food practitioners, and civil society players to organisations involved in public greening initiatives and placemaking. This community engagement is based on an open education model, and directly builds on principles inspired by the Sustainable Development Goals of the UN.

<https://vcavdcmembership.eu/>

3.5 The EU Social Economy Action Plan by Víctor Meseguer, Director of Social Economy Europe

EU has been working on social economy since its foundations, mentioning cooperatives already in the Treaty of Rome in the 50s, recognising these as a strong pillar of the EU common economy, especially because the EU founding states having strong historic ties with the cooperative sector in their respective economies.



Social economy in the EU can be classified as a diversity of legal forms. Victor me mentioned various, like cooperatives, mutuals, foundations, social enterprises and associations among other, who share similarities in how the operate, for example:

- Primacy of the individual and the social objective over capital
- Voluntary and open membership and democratic governance
- Combination of interest of members or users and/or the general interest
- Defending and application of the principle of solidarity and responsibility
- Autonomous management and independence from public authorities
- Reinvestment of the profits for sustainable development objectives

He specified that in the EU there is no limitation on legal forms who would consider to belong to the social economy, as it is not the legal form but about values which makes an entity part of the social economy. He stated that according to the EESC (2017) the social economy in the EU-28 is formed by more than 2.8 million enterprises and organisations, creating over 13.6 million paid jobs in Europe (6.3% of the EU-28 working population), mobilises more than 82.8 million volunteers and have a reach to more than 232 million members. He specified that social economy exists in all economic sectors of the EU.

He explained that Social Economy Europe is the voice of 2.8 million social economy enterprises and organisations in Europe. It is formed by European and national umbrella organisations of the social economy. It is the social economy reference point at European level and a strategic partner to European institutions and have led on EU policy on the social economy. Since its foundation in 2002, Social Economy Europe has been the secretariat of the European Parliament's Social Economy Intergroup.

With regards the EU Action Plan for the social economy it should be presented on the 8th of December 2021, which can be qualified as an important policy aimed at supporting the development of the social economy all over the European Union. The EU has also included the social economy as one of the 14 post-Covid recovery pillar areas. Mr Mesenguer said that the EU needs to embrace the diversity of social economy in the EU and gave a summary of seven priority areas for EU intervention:

1. A common understanding of the social economy in the EU
4. Improve the visibility of the Social Economy and its socio-economic contribution
5. Improve access to finance and EU funding for Social economy enterprise and organisations
6. Boost access to markets for the Social Economy in the Single market
7. Promote the social economy at global level as driver for the implementation of the SDGs
8. Toward the participation of social economy employers in the EU inter-sectorial social dialog
9. Coordination, implementation, and follow up of the Action Plan for the Social Economy

<https://www.socialeconomy.eu.org/>

3.6 SEAM: Social Entrepreneurs Association Malta by Dr Roberta Lepre, Project Director

Dr Roberta Lepre returned to speak to the audience, this time as Project Director of SEAM, the Social Entrepreneurs Association Malta.

She explained that SEAM is a network of entrepreneurs committed to bring positive change, interested in working with a sense of duty, and a set of honourable ethics and principles to create innovation and impact in the environmental, social and cultural sectors. She gave an overview of how the association came into being and that it registered as an official Voluntary Organisation for Malta. SEAM has currently 29 members and has been set up for one year.



SEAM is a not-for-profit Voluntary Organisation offering an inclusive frame-work to assist social entrepreneurs and cultivate a new mind-set based on the Triple Bottom Line (TBL); suggesting that companies should look beyond profits, and include social and environmental contributions in their organisation's mission.

She put forward that the objectives of SEAM are to:

- Raise awareness and educate society about social entrepreneurship, particularly amongst start-ups and students.
- Provide a holistic package to anyone who aspire to become a social entrepreneur by offering a comprehensive eco-system to foster their growth and success.
- Encourage collaboration between local and cross-border social entrepreneurs
- Lobby for the recognition of the Social Enterprise Act as a legal business type in Malta and advocate for the interest of the sector at local, regional and national levels

She explained that the first tasks the organisation took on, was to provide feedback to government on the new Bill which is being discussed in Parliament at the moment. Following that the association focused on the needs of its members.

Primarily the members need mentoring and professional business services. The association is communicating with service providers to obtain better rates and also submitting funding applications to be able to offer these services free of charge.

Another plan is to keep building capacity internally and currently the ass has created a course as many members have not obtained any formal training on how to run a business. The association has created the framework for the course and identified the trainers.

The association also promotes social enterprise to increase demand for their products and services and also help new social enterprises to set up. It organises social activities to build community, and participating in projects and seminars to help further and develop the ecosystem.

Moderator asked if there are any similar organisations in Ireland and Estonia and how they operate. Discussion comparing similar organisations between Ireland, Estonia and Malta ensued.

<https://www.seam.org.mt/>

3.7 Social Entrepreneurial Ecosystems by Wiebke Heinze, Department of Organisation, Strategy & Entrepreneurship, School of Business and Economics, Maastricht University

Wiebke Heinze is a PhD Candidate in Social Entrepreneurship at the Department of Organization, Strategy and Entrepreneurship at the School of Business and Economics, Maastricht University. Her research focuses on the interactions and collective dynamics underlying the emergence and development of social entrepreneurship and cross-sector partnerships. In particular, Wiebke is doing research on the interactions between social enterprise actors and their support structures in a regional context.

She took the participants through the theoretical background, and various theoretical perspectives of entrepreneurial interaction, and cross-sector partnerships, providing various examples. She then explained the methodology she used and her findings.

She stated that from her research, social entrepreneurs interact most likely with the community, established firms and other social entrepreneurs. However, when in competition the social entrepreneur is most likely to interact with established firms. She then tried to answer why social entrepreneurs engage in these interactions, the antecedent as well as the outcome factors identified being their altruistic reason of being, lack financial resources – which she highlighted stands out as none of the actors which with the social entrepreneur is most likely to interact with has as primary goal to fund social enterprise, and increase market position, in other words growth and potentially scale up.

She then concluded by adding that she will analyse theory in practice by observing and studying various social entrepreneurs and their interaction with various actors in various settings and ecosystems, as well as further research through interviews and a case study in The Hague. Her research will give very interesting insights in the emergence and development of social entrepreneurship and cross-sector partnerships.

3.8 Expert roundtable - thematic discussion

The panellist participating in this roundtable discussion were the presenters' Dr Roberta Lepre, Dr Leonie Baldacchino, Mr Caldon Mercieca and Ms Wiebke Heinze. Mr Victor Meseguer had to leave the meeting due to other commitments. Mr Chris Gordon (CEO of the Irish Social Enterprise Network) was invited to join the panel instead. Mr Pedro Alvarez moderated the roundtable.

Mr Gordon was invited to introduce the Irish Social Enterprise Network to the participants. He provided an overview and reiterated that despite others might believe that the Irish ecosystem is much advanced, he feels that there is still much to do and that the ecosystem in Ireland is still lacking in some aspects, and that he is positive that there is still much to learn from other ecosystems.

Mr Alvarez explained that for the project the Irish ecosystem has been seen as the most advanced ecosystem and that the Maltese partner has been able to learn a number of valuable lessons from the Irish counterpart, as well as from the partner from Tartu.

He then gave the opportunity to start with any questions from the floor. No questions were forthcoming.

He then proceeded to put forward the first question to the panel: *How can social entrepreneurship be better promoted at social level?* He questioned if perhaps when educating children about entrepreneurship in schools which is more common nowadays, one could perhaps add social entrepreneurship, as a starting point. He also put forward the ideas of events to promote social entrepreneurship. He then gave the floor to Dr Lepre.

Dr Lepre stated that it is a complex question, as the social enterprise journey is a complex journey. In her opinion education is important but one should be looking at support measures for social enterprise, similar as are available to regular enterprise. She noted that of the array of support measures available locally for enterprise only a few are attractive or feasible to social enterprises.

She also mentioned making public procurement more favourable to purchase for social enterprises. Despite already some options are available, these could be strengthened.

The moderator then gave the floor to Mr Gordon asking about the Irish view. Mr Gordon agreed about the importance of primary school education.

In Ireland the government has a social enterprise implementation group which has a subcommittee on promotion who just realised 500.000 euro for umbrella organisations to promote social enterprise. However, when asking how to promote social enterprise, he argued that there are various ways, promotion campaigns, but important is to ask who is the target group, and why to promote them. He added that for start-ups it would be a good option to have support, in the same way as other business support, and promotion in the start-up phase of the project.

Dr Lepre, added that one could also target accountants and lawyers, who can be first points of call for social entrepreneurs when sitting up the business.

Mr Mercieca added that due to the pressing and ever increasing social and environmental issues, in his opinion there is no space for companies to opt out of the social and environmental equation. The question he asks is how to be effective in the short, medium and long term, when speaking about better promotion. In the case of Malta, he argues that one needs to aim for the main contributors to the local economy, as it is where you can have the largest impact.

He also mentioned also the Chambers of Commerce, which can have an important role to play in raising awareness.

Mr Mercieca then added that at a larger EU level point of view, EU funding can also focus more on social enterprise, being effective.

Mr Alvarez then gave the floor to Dr Baldacchino. She argued that most entrepreneurs face many challenges, and the social and environmental cause could be seen as an additional burden.

She suggested to raise awareness not only among entrepreneurs but also among the general public to educate on social entrepreneurship. In addition, she added the need to support social entrepreneurs to deal with the challenges, as well as being able to offer products for a good price. In this case you are educating the demand side and supporting the supply side.

Mr Mercieca added that there is a case of unfair competition, as regular enterprises are incentivised and hence can offer products at better prices than social enterprises.

Mr Gordon added that it doesn't matter if products and services of social enterprises are more expensive, if the social enterprise makes more profit. However, they might need support in learning how to sell their products and services. He also stated that also non-social enterprises can benefit from social enterprises by purchasing their products and services, by learning how they do business and by supporting them.

Dr Lepre added that governments can use fiscal policy to incentivise social enterprises with better tax rates, or penalise those who have a negative social / environmental impact.

Mr Gordon put forward that public procurement is a huge opportunity for governments to support social enterprises, by purchasing their products and services.

From the floor Mr Seamus Coghlan, from the Cork Local Council, stated that Cork Local Council has – prompted by the Foso Poco project - recently included in a small tender a number of criteria on social and environmental impact. He stated that there is an element of education of the tender applicants because at this first try that part was practically ignored, only a few applicants took notice and did not focus only on price. A discussion ensued where social enterprise representatives added that they could use some support when applying for such tenders. A comment from the floor was raised, proposing to Cork Local Council to consider social enterprise joint applications for tenders.

Mr Alvarez moved on to the next question: *how can collaborative clusters/networks be put in place at the local level to support social enterprises? What is the role of local government in supporting them?* He gave the floor to Mr Mercieca.

Mr Mercieca stated that he sees the role of the Valletta Design Cluster as bridge between different organisations. His organisation tries to support social enterprises but can not tackle all the problems, so he manages a network of service providers that can offer a holistic support structure, with the social entrepreneur in the centre of the structure. Different players can support in different areas, however he adds that these need to adopt a more user centred approach collectively, whilst trying to create a seamless journey for the social enterprise.

Mr Alvarez then gave the floor to Ms Heinze. She states that in order to support social action one needs to look at all the actors in the ecosystem, not just the social entrepreneur. Including one vehicle can change the whole ecosystem, for example by creating visibility or credibility for social enterprise.

She also added that knowledge is important, and that the knowledge that social entrepreneurs lack, is often readily available, however the social entrepreneur is not aware, and therefore these support organisations are important where social entrepreneurs can find answers to their questions.

From the floor various examples were given from collaborative networks, and comments were made about the importance of governance, management, and of those in control needing to be trained, educated and helped to be able to support.

Dr Baldacchino added that networking is important and that the perception of the general public and the entrepreneurs is that government has an important role to play in supporting social entrepreneurship and given that collaboration and networking plays an important role in social entrepreneurship, the government should look into ways to also support networking in this sphere as well.

3.9 Closing

Mr Alvarez stated that despite having more questions to discuss, and seeing that all participants were finding the discussion very interesting, the event has stretched beyond the end time.

He summarised the event, and proposed to organise an extra event to continue discussing together and also keep the stakeholder meetings happening.

He ended the event by thanking all the participants and all the speakers, reiterating the substantial value that the project has seem to have provided all three partners and also the stakeholders.



Inter-regional workshop Fostering Social Entrepreneurship Ecosystems – A policy perspective

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| Date: | 30 th September 2021 |
| Time: | 9.30 – 13.00 (Malta time) |
| Location: | Online (free event) |
| Registration: | Required. Please register here http://shorturl.at/aiqGJ |

AGENDA

9.30 Welcome

Part 1: The Malta Social Entrepreneurship Ecosystem

- 09.40 Malta's SE ecosystem by Dr Roberta Lepre, Weave Consulting
- 10.00 The Valletta Design Cluster by Caldon Mercieca, Ministry for Culture
- 10.15 SEAM - Social Entrepreneurs Association Malta by Dr Roberta Lepre, SEAM
- 10.30 Q/A and peer review
- 10.45 Break

Part 2: Thematic workshop: Fostering Social Entrepreneurship Ecosystems – A policy perspective

- 11.00 The EU Social Economy Action Plan by Víctor Meseguer, Director of Social Economy Europe
- 11.30 Social Entrepreneurial Ecosystems by Wiebke Heinze, Maastricht University
- 12.00 Expert roundtable - thematic discussion
- 12.40 Closing remarks
- 13.00 End

This event is organised by Malta Enterprise as part of the EU Project 'Fostering Social Entrepreneurship Ecosystems Post-Covid19' (FOSO-POCO), co-funded under the European Union's COSME programme.

*For more information about the project visit the project web page:
<https://www.corkcity.ie/en/doing-business-in-cork/european-projects/foso-poco/>*