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SOCIAL INNOVATION IN CANADA: AN UPDATE

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ABOUT CPRN

CONTENTS

FOREWORD AND ACKNOWLEDGEMENTS

It has been five years since Canadian Policy Research Networks (CPRN) Research Associate Mark Goldenberg published his report *Social Innovation in Canada – How the non-profit sector serves Canadians … and how it can serve them better*. It focused on the special role that nonprofit organizations play in community-based social innovation. We were pleased that Mr. Goldenberg's report garnered much attention both in Canada and internationally. The ensuing roundtable, convened by CPRN in 2005, articulated a vision and action plan for the development of social innovation in the non-profit sector. Both the report and the roundtable contributed to the creation of a higher profile for social innovation in Canada.

When the Social Sciences and Humanities Research Council (SSHRC) expressed an interest in updating Goldenberg's 2004 report, CPRN was pleased to take up the challenge. Little did we know that the field of social innovation has evolved so that it is now in various stages of emergence around the world.

This updated report provides a review of the current literature and input on the current state of social innovation from social innovation leaders and experts across Canada. The purpose of the update is to render an accurate overview of the trends, models, and developments in social innovation, and to present at least a basic analysis of the reason for the rapid emergence of social innovation in all sectors of society, not just the non-profit sector.

A major theme of this report is the urgency now evident for countries to address a wide range of social challenges, including climate change, sustainability, the growing gap between rich and poor, diversity, cohesion, the social and economic impacts of globalization, and the current worldwide economic downturn. Innovation itself is evolving, mainly because of these challenges, but also because of the complexity of the interrelationships among science, technology, media, and knowledge transfer, and the very nature of collaboration.

Social innovation offers hope in addressing these challenges and has the potential to have a large-scale transformative effect that could improve all our lives.

I would like to thank Brian Guthrie and Phillip-Bastian Brutscher for their review of an earlier draft of this paper. I would also like to thank Gisèle Yasmeen and Murielle Gagnon and their team at SSHRC for giving us the opportunity to do this update, and for their guidance along the way. Thanks are also due to the social innovation leaders and experts we interviewed who generously gave us their time and knowledge – and passion. Thank you also to members of the CPRN team that contributed to this report, particularly Glen Roberts, Richard Brisbois, Melanie Hudson, Heather Fulsom and Lynda Becker. And, finally, I would like to thank the authors Mark Goldenberg, Wathira Kamoji, Larry Orton, and Michael Williamson for their commitment to this project.

Sharon Manson Singer, PhD
President

EXECUTIVE SUMMARY

The growth of social innovation, both in Canada and internationally, has been significant over the last few years, during which time there has been considerable evolution in the concept and a widening of its application. Social innovation is now embraced around the world as legitimate public policy in both the economic and social arenas.

For example, the recent acknowledgement of the value of social innovation by the Obama administration and the creation of the Office of Social Innovation in the White House clearly validate the concept of social innovation and will accelerate its global reach. In the United Kingdom, the Tony Blair government moved early to embrace the concept; the Cabinet Office of the Third Sector (OTS) launched the Social Enterprise Action Plan in 2006 to support the environment for a thriving third sector.

While there is no consensus on a universal definition, there is agreement that social innovation can bring about transformative change if it is implemented successfully. At the highest level, the goal of social innovation is to address the social challenges the world faces through innovative means. These challenges can be as large-scale as fighting global climate change and reducing poverty or as small-scale as creating a community garden.

Despite Canada's long and proud history of social innovation, our nation seems to have fallen behind while others are progressing. In particular, Canada has not adopted broader models that promote greater public support, funding, and encouragement of social innovation as other countries have begun to do. Yet how we move forward to embrace and foster social innovation will be critical for future generations of Canadians.

This document presents an update of Mark Goldenberg's 2004 paper *Social Innovation in Canada – How the non-profit sector serves Canadians … and how it can serve them better*, which was prepared for Canadian Policy Research Networks (CPRN). The update has been carried out at the request of the Social Sciences and Humanities Research Council (SSHRC).

The main objective of this study is to identify new trends and models in social innovation, both at home and abroad, in order to understand its concept and evolution. With this information, SSHRC and its partners will be able to develop roadmaps for future research.

Included in the report is an extensive review of international literature that came into being after the publication of Goldenberg's paper. The literature review assesses the varying perspectives on social innovation from the spectrum of sectors now involved, and highlights new trends and international developments in the field. It also provides a summary and analysis of the broad range of definitions and constructs used to describe social innovation.

To round out the research, the report presents excerpts from interviews with select Canadian leaders engaged directly in social innovation initiatives – from academic, private, and non-profits sectors – who shared their experiences and insights. Key findings and recommendations for moving forward are then provided, directly informed by the literature review and interviews.

Goldenberg's earlier research had focused on analyzing the special role that non-profit organizations play in social innovation, especially at the community level. Our research reveals that non-profit organizations still play this special role and continue to be a major source of social innovation in Canada. Moreover, they have begun to adopt and adapt business practices to further the pursuit of social objectives.

On the downside, non-profits are increasingly being called upon to fill gaps left by government devolution or divestment of responsibilities. In the context of the recent economic downturn, the financial situation of organizations is more precarious than ever.

Indeed, the role of the non-profit sector remains critically important, but social innovation is seen today as a broader concept – one that cuts across the non-profit, for-profit, and public sectors and that addresses a wider and more complex range of societal issues. This broadening in our understanding of the concept and its expanding application to new sectors is helping to give social innovation new impetus and energy.

The for-profit sector is now generally understood to play an important role in social innovation, although not everyone agrees on the extent to which this is happening. The business sector, for example, is starting to accept what is now referred to as the "triple bottom line" or "3BL" ("people, planet, profit") as a business strategy for sustainable growth. The shift from the traditional business bottom line focused solely on profit is occurring for many reasons, including the widespread effects of the current economic downturn that have shifted responsibility for recovery from the private to the public sector.

New forms of collaboration, both within and across sectors, and new ways of working can be observed, reflecting new media and new technologies, greater knowledge about the innovation process itself, and new understanding about complex systems, about how people organize, and how ideas move. These new ways of working involve different types of partnerships (public/private, profit/non-profit, and public/profit/non-profit); the adoption of cross-sectoral strategies; and the development of new networks and means of networking.

Through our research, we found that different models for social innovation are beginning to emerge. They reflect a variety of strategies for collaboration and working with others, and for tapping into different kinds and sources of financial and other resources. The confluence of sectors in society involved in social innovation offers opportunities for exploring new ventures, sharing models, and enhancing knowledge transfer.

Different models for government vis-à-vis social innovation are also emerging. They involve new roles for government – as initiator, facilitator, regulator, and funder. Relationships between government and other sectors are beginning to change but remain far from true partnerships.

In view of these key findings, summarized above, the report makes the following recommendations:

1. An overall strategy to advance social innovation in Canada should be developed by leaders and experts from all sectors.

2. Further research and study on social innovation needs to be encouraged by government and other parties, and data sources and research infrastructure need to be established.

3. Research on the social return on investment (SROI) is being undertaken in the United Kingdom and Europe in order to understand the economic value of social benefits. To better balance the focus between economic and social innovation, Canada needs to invest in work to better understand the SROI of social innovation.

4. In the short term, specific areas within social innovation that need to be examined include cross-sectoral strategies and relationships; social financing; funding models and mechanisms; governance issues; and accountability and evaluation in the social innovation field.

5. A national event should be created to bring together leaders and experts from all sectors. Practitioners and researchers across the field of social innovation would be able to connect and to share effective practices, governance and collaboration processes, knowledge transfer, and capacity-building.

6. Knowledge transfer strategies and their adoption by social innovators need to be profiled and shared. This would help build capacity for social innovation.

Social innovation is a worldwide phenomenon fuelled by globalization and the rise of the knowledge-based economy, itself fuelled by scientific and technological innovation. At the same time, there has been an increased global awareness of complex and often intractable social problems, ranging from environmental issues to growing levels of poverty around the world and increasing socio-economic disparities within and between countries.

These problems, in turn, have highlighted the need for new and innovative approaches to address these social concerns, energizing what is becoming recognized as social innovation.

Canada is falling behind. While governments in Canada have acknowledged the importance of social capital and the social economy and have been relatively active in those areas in recent years, Canada has missed opportunities to encourage social innovation by developing models for public support, engagement, and funding as has been done elsewhere.

Canadians should find inspiration in the actions taken by their global neighbours and work in partnership, across sectors, to harness the energy and creative solutions of social innovation.

ACRONYMS

3BL	Triple Bottom Line (People, Planet, Profit)
3ci	Carleton Centre for Community Innovation, Carleton University
ANSER	Association of Non-Profit and Social Economy Research
ASIX (SIX)	Australian Social Innovation Exchange (Social Innovation Exchange)
BCICS	BC Institute for Co-operative Studies
BCT SVP	British Columbia Technology Social Venture Fund
BRIC	Brazil, Russia, India, and China
CBERN	Canadian Business Ethics Research Network
CCEDNet	Canadian Community Economic Development Network
CCSRC	Canadian Centre for the Study of Resource Conflict
CEDTAP	Community Economic Development Technical Assistance Program
CIRIEC	Centre International de Recherches et d'Information sur l'Économie Publique, Sociale et Coopérative
CPCHE	Canadian Partnership for Children's Health and the Environment
CPRN	Canadian Policy Research Networks
CRISES	Centre de recherche sur les innovations sociales
CSEHub	Canadian Social Economy Hub
CSERP	Canadian Social Economy Research Partnerships
CSGVP	Canada Survey of Giving, Volunteering and Participating
CSI	Centre for Social Innovation
CSR	Corporate Social Responsibility
CURA	Community-University Research Alliance
DBL	Double Bottom Line (financial bottom line plus a second bottom line of net results contributing to social elements)
EU	European Union
FLO	Fairtrade Labelling Organizations International
FQRSC	Fonds québécois de recherche sur la société et la culture
GC	Global Compact
GSVC	Global Social Venture Competition
HRSDC	Human Resources and Skills Development Canada
IDRC	International Development Research Centre
IRDB	Inter-American Development Bank
ICT	Information and communication technology
NGO	Non-governmental organization

NSNVO	National Survey of Non-profit and Voluntary Organizations
ODA	Official development assistance
OECD	Organization for Economic Co-operation and Development
OTS	Office of the Third Sector (United Kingdom)
PRI	Policy Research Initiative
SCP	Social Capital Partners
SCVF	Social Capital Venture Fund
SDC	Social Development Canada
SECC	Social Enterprise Council of Canada
SHGs	Self-Help Groups
SI	Social Innovation
SiG	Social Innovation Generation
SIO	Social Investment Organization
SRI	Socially Responsible Investment/Investing
SROI	Social Return on Investment
SSHRC	Social Sciences and Humanities Research Council
SSIR	Stanford Social Innovation Review
UCLA	University of California, Los Angeles
WB	World Bank
WEF	World Economic Forum
WICI	Waterloo Institute for Complexity and Innovation

SOCIAL INNOVATION IN CANADA: AN UPDATE

1. INTRODUCTION

1.1   Purpose of the Report

Canadian Policy Research Networks (CPRN) Research Associate Mark Goldenberg's report, entitled *Social Innovation in Canada – How the non-profit sector serves Canadians … and how it can serve them better* (November 2004), was intended to help stimulate a dialogue within the non-profit sector and with government on how to best support social innovation in Canada. The report analyzed the unique role that non-profit organizations, or the third or civil sector – including voluntary organizations, community economic development organizations, social economy organizations, social enterprises, and co-operatives – play at the community level in social innovation.

In response to a request from the Social Sciences and Humanities Research Council (SSHRC), CPRN undertook to update Goldenberg's 2004 findings. This proved to be more complex than initially anticipated. First, the field has expanded greatly, as will be discussed later. Second, the volume of sources documented in the bibliography suggests that SI is gaining credence among new sectors (including the private sector), which has resulted in the production of a scan and analysis of the current field of social innovation.

Much has occurred since 2004. When Goldenberg wrote his paper five years ago, the term "social innovation" was not much in use beyond the scientific and technological realms. The growth of social innovation both in Canada and internationally has been significant over the last few years, and there has been considerable evolution in the concept and a widening of its application, notably the spillover of social innovation processes to other sectors of the economy and in society such as the environment, and to the private sector.

Social innovation is now embraced around the world as legitimate public policy in both the economic and social arenas. The recent acknowledgement of the value of social innovation by the Obama administration and the creation of the Office of Social Innovation in the White House are important in accelerating the global reach of the social innovation concept, even though much has already been accomplished in the United Kingdom, Europe, Scandinavia, Asia, Australia, and New Zealand, as well as in a majority of the developing world.

Governments in most of these countries are promoting, evaluating, and funding social innovation. Models of social innovation are being developed and shared. Social challenges are being identified as complex systems that require new science to understand them and new strategies to address them.[1] Social innovation was showcased at the last World Economic Forum in Davos, during which world leaders, together with business leaders and non-governmental organizations (NGOs), discussed innovative solutions to tackling the current economic downturn and addressing social reform and climate change.[2]

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[1] Writing in *the New York Times* on May 23, 2009, Steve Lohr pointed out that "a shift in thinking is underway, driven by altered circumstances. In the United States and abroad, the biggest economic and social challenges – and potential business opportunities – are problems in multifaceted fields like the environment, energy and health care that rely on complex systems."
[2] For information on this aspect of the World Economic Forum, see, for example, http://www.weforum.org/en/ Communities/SchwabFoundation/index.htm and http://www.euractiv.com/en/socialeurope/brussels-promotes-social¬innovation-tackle-crisis/article-178669.

In preparing this report, we examined a number of questions, including the following.

- How has social innovation evolved over the last few years?

- What factors have driven or contributed to this evolution?

- What are the key concepts and characteristics of social innovation as we understand it today?

- Is there a clear and widely shared definition of social innovation?

- Are there new models of social innovation processes?

- Are there new models and approaches for public support to encourage social innovation?

- What is needed in terms of further study and research on social innovation?

It is important to note from the onset that while this paper has a relatively limited scale, it does attempt to address the scope and complexity of the subject; however, the rapid evolution of social innovation over the past five years points to the need for more in-depth research into all its components.

1.2   Methodology

Our research involved a combination of library and Internet searches for relevant materials and interviews with key social innovation leaders.

The focus of our literature review was on Canadian sources and on materials published since Goldenberg's 2004 paper, including research and policy papers produced by academics, foundations, governments, and non-governmental organizations. International material is referenced in this paper, although to a more limited extent. The library and Internet searches used the following search terms, along with "Canada" and "non-profit" and its variations: social entrepreneurs/enterprise, corporate social responsibility, social finance, social capital, social economy, and social innovation.

Jointly with SSHRC, we developed a list of key informants to be interviewed and then conducted interviews with the 10 identified in Appendix 4. Six are leaders from universities, three from the private sector, and one from the non-profit sector. The guide used to conduct the interviews appears in Appendix 5. These questions were provided to informants prior to the interview, which lasted approximately one hour. The 15 questions covered four major areas of interest: trends; models; evaluation and accountability; and roles and relationships among sectors.

1.3   Organization of the Report

This report has four main sections. First, we review briefly some of the definitions of social innovation that have been put forward and suggest the use of one of these as a broad and inclusive definition for the purposes of this report.

Looking at employing some of the major terms and concepts associated with social innovation, we then examine perspectives on social innovation from our review of the literature on the subject: the role of the non-profit sector, including social entrepreneurship, social enterprises, and the social economy; the role of the for-profit sector; social finance and social capital; and recent trends and developments internationally.

Next, we explore the perspectives of leaders and experts in the social innovation field, based on our interviews with key informants. This section presents trends and key issues that they identified, as well as emerging models for social innovation and for government roles and support.

The report concludes with a summary and synthesis of the key findings from both the literature review and the interviews, and a proposal of possible ways to move forward, including areas for further research and study with regard to social innovation.

2.   DEFINITION OF SOCIAL INNOVATION

Social innovation is an emerging field of inquiry. As such, there is no commonly accepted definition, which makes for lively discussions among academics and practitioners over how social innovation should be defined and just what terms are to be used. Yeung (2007: 3) commented that "Developing a working definition for social innovation is no easy endeavour. … the relatively recent emergence of the term has resulted in little consensus over the topic [and the concept] is often used interchangeably with a number of different ideas including, but not limited to, social entrepreneurship, social enterprise and social impact."

Goldenberg (2004: 1) defined *social innovation* as "the development and application of new or improved activities, initiatives, services, processes, or products designed to address social and economic challenges faced by individuals and communities."

That definition allows for private sector involvement, even though Goldenberg's focus was non-profit organizations or the voluntary sector. He noted in passing that the private sector can be involved[3], and quoted Tim Draimin's observation that non-profits "borrow from the for-profit world" and that "the three spheres, government, private sector, and voluntary sector, should interact productively and in appropriate equilibrium to engender and sustain a healthy and sustainable economy, social system, and physical environment" (Goldenberg, 2004: 18).

In recent years, many social policy experts, researchers, and other observers have developed different definitions of social innovation, some being very broad and others more narrowly focused.

CRISES (2004) says that by "social innovation, we mean new organizational and institutional forms, new ways of doing things, new social practices, new mechanisms, new approaches and new concepts that give rise to concrete achievements and improvements." MaRS (2007: 1) uses social innovation to refer "to a new set of creative solutions to unmet social needs – from environmental degradation and homelessness to global poverty." SiG defines social innovation as "an initiative, product or process or program that profoundly changes the basic routines, resource and authority flows or beliefs of any social system" (Social Innovations Generation, 2009). Frances Westley (2009) at SiG Waterloo further defines social innovation as "a complex process of introducing products, processes or programs that profoundly change the basic routines, resource and authority flows or beliefs of the social system in which they arise. Such successful social innovations have durability and broad impact" (Westley, 2009).

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[3] "Community economic development … can and does include for-profit organizations and businesses" (Goldenberg, 2004:9). "Some community economic development organizations are for-profit organizations." (Goldenberg, 2004:12).

The extent to which the private sector is seen as being involved in social innovation is often a key factor in how the concept is defined. Some commentators explicitly include the private sector in their definition of social innovation. Dr. Stan Shapson (2009: 5), for example, defines *social innovation* as

> … a process by which value is created for individuals and communities through public and private organizations. SI transforms new knowledge and technologies into policies and services for local, national and global application. A high rate of innovation in turn contributes to more intellectual capital, social capital, economic growth, and enhanced quality of life and cultural engagement.

Another expert, Brian Guthrie of Stantec, a company striving to balance economic, environmental, and social responsibilities, suggests adapting The Conference Board of Canada's definition of *innovation* to read

> … a process through which social value is extracted from knowledge – through the creation, diffusion, and transformation of ideas – to produce new or significantly improved social, economic or environmental processes.

Canadian practitioner and thinker Tonya Surman would broaden the definition further. For Surman, *social innovation* is a very broad concept that has to do with "how ideas are making change to make the world a better place" or "an idea that works for the public good." Social innovation is "a movement that is about altering how we function …" and that needs to be democratized to be very broadly inclusive:

> Every one of the 161,000 non-profits and all businesses in Canada need to feel they are social innovators if they implement a new idea that helps to improve a system, service or product or something that benefits the public good (Interview, Tonya Surman, 2009).

Besides singling out the role of the private sector, definitions reflect varying emphasis on social relationships. This definition, for example, places social relations in a central position:

> *Social innovation* refers to new forms of social relations, including institutional and organizational innovations, new forms of production and consumption, and new relationships between economic and social development (Neamtan and Downing, 2005: 12).

For the purpose of this report, we will use the most recent definition put forward in 2008 by the Centre for Social Innovation at Stanford University. We are recommending its use as a broad and inclusive working definition, as it has already influenced other thinkers and researchers in the social innovation field.

In 2003, Stanford had defined *social innovation* as "the process of inventing, securing support for, and implementing novel solutions to social needs and problems" (Phills et al., 2008: 36). Five years later, Stanford redefined and broadened the term. The latest approach involves "dissolving boundaries and brokering a dialogue between the public, private, and nonprofit sectors" (Phills et al., 2008: 36). The current Stanford definition of *social innovation* is

> … a novel solution to a social problem that is more effective, efficient, sustainable, or just than existing solutions and for which the value created accrues primarily to society as a whole rather than private individuals. A social innovation can be a product, production process, or technology (much like innovation in general), but it can also be a principle, an idea, a piece of legislation, a social movement, an intervention, or some combination of them (Phills et al., 2008: 39).

While there may not be consensus on a universal definition for social innovation, there is agreement, however, on its potential, if successfully implemented, to bring about transformative change in addressing societal challenges.

For a broader discussion on definitions of social innovation, see Appendix 1.

3.   SOCIAL INNOVATION – PERSPECTIVES FROM THE LITERATURE

At the highest level, the goal of social innovation is to address the social challenges the world faces through innovative means. These challenges can be as large-scale as fighting global climate change and reducing poverty, or as small-scale as creating a community garden.

The concept of social innovation has been the subject of investigation and practice in the last 8 to 10 years as evident by the establishment of research institutions such as the Social Innovation Generation at the University of Waterloo. Furthermore, several efforts have been made by foundations to advance understanding on social innovation (Tides Canada Foundation and the McConnell Foundation, for example).

Granting councils have also contributed to the advancement of social innovation by engaging scholars to work together with communities to solve pressing issues. The Community-University Research Alliance (CURA) program, established over 10 years ago and funded by the Social Sciences and Humanities Research Council, demonstrates that the co-creation of knowledge leads to lasting results. Most recently, the concept of CURA has been adopted at the international level through a partnership with the International Development Research Centre.

The following table highlights recent organizational developments that have had an impact on social innovation in Canada:

Table 1. Some Recent Major Organizational Developments in Social Innovation in Canada[4]	
Year	**Development**
1989	Social Investment Organization established
1998	Social Sciences and Humanities Research Council launches the Community-University Research Alliance program
1999	Planned Lifetime Advocacy Network (PLAN) incorporated as "citizen sector" charitable organization
2000	MaRs was created by a group of 13 visionary individuals, organizations, and companies concerned about Canada's performance in the global innovation economy
2000	BC Institute for Co-operative Studies was founded
2000	Tides Canada Foundation started, based on the creation of "Tides" in approximately 1989
2001	Social Capital Partners (SCP) founded by Bill Young
2002	McGill-DuPont Social Innovation Think Tank created
2003	CRISES was formed in 1986, and since 2001 has been a strategic alliance funded by the Fonds québécois de recherche sur la société et la culture (FQRSC)
2004	The Centre for Social Innovation opened its doors to 14 founding tenants
2005	Ivey School of Business (Western) claims to have introduced the first 12-month MBA program focused on developing cross-enterprise leaders
2007	Social Innovation Generation (SiG@Waterloo) was formed at University of Waterloo
2007	The Laurel Centre for Social Entrepreneurship was founded
2007	The CSEHub (funded by SSHRC) agreed to the Canadian Social Economy Research Partnerships/Centre canadien de recherche partenariale en économie sociale
2008	Launch of the International Community-University Research Alliance program by Social Sciences and Humanities Research Council in partnership with the International Development Research Centre

A review of recent literature on social innovation indicates a highly diversified set of interdisciplinary research approaches that encompasses a wide variety of terms and concepts relating to the subject. The headings in this section of the paper reflect the issues, terms, concepts, and findings most frequently referenced in the literature: the non-profit sector, including social entrepreneurship and social enterprises, and the social economy; the for-profit sector; social finance; social capital; and recent trends and developments internationally.

3.1   The Non-Profit Sector and Social Innovation

The initial review focuses on the findings in the literature with respect to non-profit organizations, which had been a key focus of the 2004 Goldenberg paper. This was also a prominent theme in the recent literature in both Canada and internationally.

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[4] Other Canadian and international organizations are identified in the list of key websites in Appendix 1.

3.1.1   Role of the Non-Profit Sector in Social Innovation

"In communities, the non-profit sector plays a vital role in social innovation" (Maxwell, 2004).[5]

Goldenberg notes that many different terms have been used to describe the non-profit sector and its components. The sector is often referred to as the "voluntary sector" or the "charitable sector," although the degree of volunteer involvement in non-profit organizations varies considerably across the sector, and many non-profit organizations do not have charitable status.

Goldenberg reported that the non-profit sector in Canada is vast and diverse. The sector comprises hundreds of thousands of organizations, employs almost 1 million people, and calls upon millions of volunteers who contribute 1 billion hours of time each year. The sector owns important assets, produces a vast array of goods and services, and generates significant revenues. Moreover, non-profit organizations are active in almost every area of social, economic, and community life – in health care, education, economic development, social services, employment, training and skills development, financial services, the environment, culture, the arts, recreation, religion, and spiritual pursuits.

A significant amount of empirical research on the sector has emerged in recent years, examining issues such as the size and scope of the sector, the economic impact of the sector to the national economy, primary areas of activity, sources of funding, patterns of volunteering, the sector's workforce, and challenges faced by organizations in the sector (Brisbois and Saunders, 2005).[6] Recent literature largely confirms the findings of the 2004 CPRN report. Non-profit organizations continue to foster and lead innovation at the community level. They bring to social and economic challenges their in-depth knowledge of the community, hands-on experience, flexibility, creativity and responsiveness, entrepreneurial skills, and a holistic approach – some of the very ingredients essential to "social learning" and innovation.

Even as the roles of various sectors continue to shift the non-profit sector plays a critical role in delivering services to individuals and communities, and to work with other partners to seek innovative solutions to complex social problems.

In the current economic downturn, many organizations have no choice but to take on greater responsibilities, due to flat-lined or declining government funding and diminished resources from charitable giving. Canada's Economic Action Plan for 2009 addresses some of the needs of nonprofit organizations under its $1.9 billion investment in training and skills development by helping primarily young people gain work experience in non-profit, community services, and environmental organizations.

3.1.2   Social Entrepreneurship and Enterprise

The terms/concepts *social entrepreneurship* and *social enterprise* are frequently referenced in the literature in relation to social innovation.

Social enterprise organizations have their roots in the non-profit sector and are concerned with more than profit-making. In fact, they work to achieve a "double bottom line" (DBL, or financial bottom line plus a second bottom line of net results contributing to social elements); as a result, they tend to implicitly or explicitly exclude public and for-profit organizations (Phills et al., 2008: 37).

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[5] This is from Judith Maxwell's Foreword to Goldenberg (2004).

[6] For example, the National Survey of Non-profit and Voluntary Organizations (NSNVO), the Canada Survey of Giving, Volunteering and Participating (CSGVP) (formerly the National Survey of Giving, Volunteering, and Participating or NSGVP), and Statistics Canada's Satellite Account of Non-profit Institutions and Volunteering. For more information, see http://www.cprn.org/theme.cfm?theme=59&l=en; http://www.nonprofitscan.ca/page.asp?nsnvo; and http://www.statcan.gc.ca/pub/13-015-x/13-015-x2008000-eng.htm.

Ashoka Canada defines *social entrepreneurs* as "individuals with innovative solutions to society's most pressing social problems. They are ambitious and persistent, tackling major social issues and offering new ideas for wide-scale change …. They are visionaries and ultimate realists, concerned with the practical implementation of their vision above all else."[7]

Social entrepreneurship "focuses on the personal qualities of people who start new organizations, and it celebrates traits like boldness, accountability, resourcefulness, ambition, persistence, and unreasonableness," while social enterprise focuses on "commercial activities, earned income, and for-profit ventures that give financial and operational support to traditional social service programs" (Phills et al., 2008: 37).

A Canadian example of social entrepreneurship is BC Technology Social Venture Partners (BCT SVP), which invests its time and money to help non-profit organizations become economically sustainable and to effect positive change in their communities. For example, BCT SVP partnered with Landscaping with Heart, an initiative of the Coast Mental Health Foundation (Sperling et al., 2007: 8). In Newfoundland and Labrador, the Stella Burry Society founded the Hungry Heart Café in St. John's in order to help people with disabilities and recovering addicts get into the workforce through the restaurant industry. Further examples are identified in Appendix 3.

A common challenge to social entrepreneurship is how to raise funds to finance social enterprises. The recent literature suggests that traditional sources of funding are proving more difficult to obtain. Banks are more cautious and government continues to devolve many responsibilities to the non-profit sector, often with inadequate funding.

3.1.3   Social Economy

The social economy plays a significant role in the social well-being of Canadians and is much discussed in the literature on social innovation. As with other terms and concepts in this section, there are differing definitions.

Goldenberg (2004: 12) states that

> … the social economy includes almost all of what is commonly referred to as the non-profit sector, including voluntary and non-governmental organizations, community economic development organizations and co-operatives. … The key characteristics of organizations in this sector are an emphasis on service to members and the wider community, rather than profits and revenue generation; the equitable sharing of surpluses and revenues; the active participation of the community in their equitable sharing of surpluses and revenues; the active participation of the community in their operations … .

When the Government of Canada recognized the sector and funded it in 2004 to the tune of $132 million, the social economy was described as a "grass-roots entrepreneurial, not-for-profit sector, based on democratic values that seeks to enhance the social, economic, and environmental conditions of communities, often with a focus on their disadvantaged members" (HRSDC, 2009b). These funds were allocated for the following initiatives: capacity building ($17 million over two years); financing ($100 million over five years); and research ($15 million over five years) (HRSDC, 2009b).

Social Development Canada was responsible for developing the federal social economy policy framework, but this department was dissolved after the 2006 federal election. The recent social economy research initiative funded via SSHRC since 2005 has helped build the research

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[7] For more information, see http://canada.ashoka.org/social_entrepreneur.

capacity of community-based social economy by establishing six regional research centres across Canada and one National Hub (CSEHub) in what is called the Canadian Social Economy Research Partnership (CSERP).[8]

A number of recent papers on the social economy point to the broadening of the social economy over the past five years. They make the point that social enterprises are now operating "like businesses" in all sectors of the economy. In her paper *Social Profits*, Sherri Torjman (2008) of the Caledon Institute points out that the main difference between social enterprises and traditional businesses is that they produce and distribute their goods and services for public or social good rather than for private profit.

Torjman argues, however, that despite the proliferation of high-profile national and international events (conferences, seminars, etc.) related to the social economy, the social economy in Canada typically is treated as a set of disparate projects rather than a viable sector worth significant financial support by government and private investors (Torjman, 2008: 5).

In Canada, the social economy has long been especially present in Quebec. [9] It should be noted that the francophone tradition of social economy is probably the world's most important because it gathers together social banks and mutuals and represents a vital source of wealth and innovation in francophone Europe. In France, the social economy (co-operatives, mutual societies, and associations) has 1,985,150 employees constituting 8.3 percent of total French employment. France was the first country to award political and legal recognition to the modern concept of the social economy, through the December 1981 decree that created the Inter-Ministerial Delegation to the Social Economy (Chavez, 2006).

3.2 The For-Profit Sector and Social Innovation

The review of the literature found considerable discussion and debate about the role of the for-profit sector with regard to social innovation. This debate was also reflected in the opinions expressed in the key-informant interviews, which will be discussed later in the paper.

Some researchers and observers believe that the increasing involvement of private business and the for-profit sector in social innovation is one of the most significant developments in this area in the last few years. They believe that there has been an increasing move away from the financial bottom line to the "triple bottom line," which includes social, economic, and ecological indicators. None other than business avatar Bill Gates has recently said, "The next generation of managers will be held responsible for decisions that have effects far beyond their corporations and the markets they serve" (Jarvis, 2009).

Phills et al. (2008: 1) argue that "most of today's innovative social solutions cut across the traditional boundaries separating nonprofits [sic], government, and for-profit businesses."

They note that, on the one hand, there has been both increasing devolution of public services to the private and non-profit sectors and "an explosion in applications of business ideas and practice to nonprofit and government works" (Phills et al., 2008: 1). On the other hand, they point out that "[we] have also watched business take up the cause of creating social value under the mantle of corporate social responsibility, corporate citizenship, and socially responsible business" (Phills et al., 2008: 1).

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[8] For more information, see http://www.socialeconomyhub.ca/hub/.

[9] For more information on the history of social economy in Quebec see: B.Lévesque (2007) and Yves Vaillancourt (2008).

These authors argue that "the free flow of ideas, values, roles, relationships, and money across sectors is fuelling contemporary social innovation" (Phills et al., 2008: 1):

> … nonprofits, governments, and businesses have developed a better appreciation of the complexity of global problems such as climate change and poverty. Many have also come to understand that these problems require sophisticated solutions. As a result, we increasingly see the three sectors joining forces to tackle the social problems that affect us all ….
>
> A host of factors have eroded the boundaries between the nonprofit, government, and business sectors. In the absence of these boundaries, ideas, values, roles, relationships, and capital now flow more freely between sectors. This cross-sector fertilization underlies three critical mechanisms of social innovation: exchanges of ideas and values, shifts in roles and relationships, and the integration of private capital with public and philanthropic support (Phills et al., 2008: 5).

As noted by the Stanford authors, these developments build on the notion of corporate social responsibility (CSR), a term that has been in wide use since the 1960s.

CSR reflects a view of business "both as a vehicle to make money and as a means to improve society" (Phills et al., 2008: 40). The concept is

> … generally understood to be the way that firms integrate social, environmental and economic concerns into their values, ethics, culture, decision making, strategy and operations in a transparent and accountable manner and thereby establish better practices within the firm, to create wealth and improve society (Industry Canada, 2006: 5).

It typically encompasses "treating employees well, respecting the communities in which it operates, developing sound corporate governance, ensuring environmental preservation and supporting philanthropy, human rights and accountability" (Gewel, 2006: 11).

According to the annual 2008 Ivey-Jantzi Report, CSR is expanding in Canada.

> Firms were generally more socially and environmentally responsible in 2007 than in 2006. The CSR score across all firms increased from 4.75 to 4.84. We were encouraged to find that the improvement in CSR was widespread – driven by many firms making positive changes, not just a few firms making large leaps. Specifically, 65% of firms improved their CSR score between 2006 and 2007 and only 1% made no change at all (Slawinski et al., 2008: 7).

Many leading businesses in Canada now produce annual CSR or accountability reports. As noted by The Conference Board of Canada in *The National Corporate Social Responsibility Report: Managing Risks, Leveraging Opportunities*, two-thirds of Canada's 300 largest corporations issue such reports (Greenall, 2004: i).

However, the numbers overall in some sectors remain low, for example in natural resources (oil) and telecommunication. A similar report produced by The Canadian Centre for the Study of Resource Conflict found that "the current environment of adherence to CSR standards among Canadian oil, gas and mining companies remains remarkably low" (CCSRC, 2006: 21-22).

Some observers debate the extent to which the private sector is embracing social value or corporate social responsibility, and feel that many in the private sector still believe that, as Milton Friedman said, "The social responsibility of business is to increase its profits" (Jarvis, 2009: 1).

Whether the private sector truly is adjusting its ethics and values remains an open question for these observers. Some argue that, given enhanced public awareness of environmental and other social issues, businesses essentially have little choice but to pay attention to societal impacts. There is also concern that the social interest of the private sector is not in fact altruistic but rather a means to appeal to a more socially focused consumer.

One expert distinguishes between social and private-sector innovation by emphasizing the end-goal being pursued. Social innovations differ from business innovations in that the latter are generally motivated by profit while social innovations are motivated by the goal of meeting a social need and are predominantly developed and diffused through organizations that are motivated primarily by social purposes. (Mulgan et al., 2007: 8).

Phills and his colleagues at Stanford take a different view. They state that "the difference between entrepreneurs and social entrepreneurs … [cannot] be ascribed simply by motivation," with one motivated by money and the other by altruism, because motivations "cannot be directly observed and … are often missed" (Phills et al., 2008: 38). The authors use *social* to describe "a kind of value that is distinct from financial or economic value" and define *social value* as "the creation of benefits or reductions of costs for society – through efforts to address social needs and problems – in ways that go beyond the private gains and general benefits of market activity" (Phills et al., 2008: 39).

Some understanding of the role of the private sector in social innovation can be gained by considering the examples of social innovations found in the literature.

For the Stanford group, *microfinance* is the "quintessential" social innovation. They define it as "the provision of loans, savings, insurance, and other financial services to poor people who lack access to the conventional financial system." [10] Other recent social innovations identified by the Stanford group include charter schools, community-centred planning, emissions trading (also called "cap and trade"), fair trade, habitat conservation, individual development accounts, international labour standards, socially responsible investing, and support employment (for disabled and disadvantaged workers).

Internationally, some recent initiatives and events give weight to the argument that private business is moving in the direction of greater social responsibility. For example, the Global Corporate Citizenship initiative was launched at the World Economic Forum (WEF) of 2002. It challenged companies to endorse and implement the corporate citizenship statement. The purpose of the WEF initiative is to "improve the state of the world through business's engagement in partnerships that address key global societal challenges" (World Economic Forum, 2009).

Similarly, in 1999 the United Nations developed the Global Compact (GC) as

> a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. By doing so, business, as a primary agent driving globalization, can help ensure that markets, commerce, technology and finance advance in ways that benefit economies and societies everywhere (United Nations Global Compact, 2009).

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[10] The fact that these "innovations" have historical antecedents makes them no less "social innovations." Microfinance, for example, is fundamental to the co-operative movement and was part of the work of Coady and Tompkins in Nova Scotia and Desjardins in Quebec, for example.

As of July 2009, 63 Canadian organizations have joined the Global Compact – a relatively modest number compared with the number of organizations that have joined in countries like France (606) and Spain (729).[11]

3.3   Social Finance

Social finance has been identified in recent literature as one of the new methods in which to fund civil society and social entrepreneurship. Draimin (2008: 12) defines *social finance* as "a sustainable approach to managing money that delivers social, environmental dividends and economic return through social enterprises operating in the non profit or public sector."

Others have described *social finance* as "the space on the financial continuum between high financial value and no social value returns (e.g. traditional financial investment vehicles) and no financial value but high social returns (e.g. grants) (Jackson, 2008: 4).

Social finance presents the possibility of creating new finance or business models/hybrids/systems outside of the traditional ones in order to sustain social innovation.

> Social finance moves the concept of civil-society financing away from a reliance on government grants, which has typified the revenue strategies of non-profits and charities in Canada, to an approach that blends market tools with government support. However, the intent of those advocating for social finance in the foundation, non-profit and university sectors is not to give the state an excuse to reduce its support, or exit, the third sector. Rather, it is to expand the range of financial products and services that are available to organizations with a social mission in order to maximize third-sector sustainability and impact (Jackson, 2008: 4).

Social finance can include, among other things, charitable donations and funding from foundations. According to Hall et al. (2007: 6), Canadians donate almost $9 billion to charity. Similar numbers have been put forth by Draimin (2008: 2), who states that "Canadian foundations had assets nearing $20 billion, and their grant-making abilities were more than $1 billion."[12] The following are some other examples of social finance in Canada:

- Labour-sponsored investment funds for regional venture capital (federal and provincial tax incentives for investors);

- The Quebec Social Economy Trust of le Chantier de l'économie sociale for real estate projects and working capital of non-profit and co-operative enterprises (institutional investors receive debentures issued by the trust);

- The Social Venture Capital Fund under consideration in Ontario will invest in private companies with a focus on technology and innovation for social purposes (Jackson, 2008: 8);

- Social Venture Partners, or SVP, an international model based on venture philanthropy, first established in Canada in Calgary and then in Toronto and British Columbia;

- The Citizens Bank of Canada – Shared World Term Deposit, which works by pooling deposits "into a larger fund, which is then loaned dollar-for-dollar to international community loan funds offering credit at reasonable rates to low-income men and women in Latin America, eastern Europe, Africa, and Asia" (Citizens Bank of Canada, 2009: Shared World Term Deposit); and

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[11] This data comes from the website for the United Nations Global Compact, http://www.unglobalcompact.org/ParticipantsAndStakeholders/search_participant.html.
[12] These statistics were generated prior to the economic downturn; asset values and grant-making capabilities have since decreased.

- Causeway, a national collaboration to accelerate the growth of social finance options for charities and community organizations, originally hosted by Tides Canada and now hosted by SiG.

Internationally, the most prevalent example of social finance success in the literature is the Grameen Bank of Bangladesh, whose founder Mohammed Yunus was awarded the Nobel Peace Prize in 2006.[13] Other international examples include a recent donation to Tufts University "on condition that half of the donation is used to expand the secondary market for microfinance securities" (Jackson, 2008: 4); the Deutsche Bank Eye Fund, which has invested €20 million to finance expansion of eye care hospitals (Draimin and Jackson, 2007: 6); and Kiva, which eliminates the role of financial institutions and offers direct lender-to-entrepreneur lending, with mainly Western donors providing capital for developing nation entrepreneurs.[14]

The development of appropriate social finance infrastructure to support the charitable sector seems to be lagging in Canada compared with the progress in other countries.[15] Draimin and Jackson note that social finance in Canada has progressed at a slower rate than in other countries due to a gap/lag in the Canadian legal and policy system in creating opportunity for social finance ventures to thrive.

Social finance provides one possible means by which social enterprises/entrepreneurs can raise capital to finance their businesses. The need for hybrid funding models for raising capital is perhaps even more pertinent in the current economic situation, at a time when social innovations are arguably most necessary to meet rising social needs.

3.4   Social Capital

Social capital is commonly defined as "the assets inherent in relationships (good will) – assets with potential to benefit individuals, the group, and the wider community" (Woods, 2008: 15).

More specifically, social capital is:

> a product of social networks and the resources available through such networks, as well as the extent to which the people in such networks are willing to share their resources with one another. Hence, a denser social network does not automatically translate into higher social capital. This means that social capital is determined by both structural factors (location of individuals in a society, which determines the resources available to them) and cultural factors (the strength of community-orientedness among individuals in a network, influencing their willingness to share their resources with others in the community) (Kazemipour, 2004: 7).

In terms of trends, Woolcock (2001: 65) found "seven social service areas that use the concept of social capital: families and youth, schools and education, community life, work and organizations, democracy and governance, problems related to collective action, and economic development." Franke (2005: 1) suggests adding "physical and mental health, immigration, and public protection." The Policy Research Initiative (PRI) suggested three additional areas where a social capital perspective can be useful: "helping populations at risk of social exclusion, supporting key life-course transitions, and promoting community development efforts" (PRI, 2005: 8).

In recent years, "social capital has become a popular concept with international agencies that have invested efforts in trying to find ways to harness it. The World Bank, Organisation for

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[13] For more information, see http://www.grameen-info.org/.

[14] http://www.kiva.org/about/how/.

[15] Tides Canada. Social Finance. http://tidescanada.org/focus/strengthening-charities-non-profits/social-finance/.

Economic Co-operation and Development (OECD), United Nations (UN) and the Inter-American Development Bank have all developed strategies to incorporate the concept into their operations" (Franke, 2005: 1).[16]

The Canadian government has recognized the importance of social capital. In 2005, PRI published *Measurement of Social Capital: Reference Document for Public Policy Research, Development, and Evaluation*. That study concluded that "the concept is a valuable public policy tool, as it provides a new and ultimately fruitful perspective for examining how public policies and programs can draw on social ties as a potentially vital ingredient for achieving their objectives" (Franke, 2005: 1).

The PRI study recommends that "where applicable, the Government should adopt a social capital approach to developing research plans, data and policy analysis and evaluation" (Franke, 2005: 38). This involves

- Documenting the existence of social networks at the individual and/or group level to better identify the presence and manifestations of social capital;

- Examining the conditions of social network functioning and mobilization to better understand how social capital operates, and who benefits from it; and

- Evaluating the productive potential of social networks in specific contexts to understand the contribution of social capital to specific issues.

3.5   International Trends and Developments

International literature references *social innovation* as a worldwide phenomenon driven by globalization and the rise of the knowledge-based economy, itself fuelled by scientific and technological innovation.

Globalization and the knowledge economy are seen as having improved productivity and raised the standards of living for parts of the world, mainly the West and the BRIC countries (Brazil, Russia, India, and China). At the same time, the literature notes that there has been increased awareness of complex and often intractable social problems, ranging from environmental issues to growing levels of poverty around the world and increasing socio-economic disparities within and between countries.

These problems in turn has highlighted the need for new and innovative approaches to address these social concerns, energizing what is becoming recognized as social innovation.

As a result, a new movement of social innovators, entrepreneurs, and investors is accelerating the large- and small-scale changes essential for delivering scalable sustainable solutions to the world. Social innovation initiatives are now proliferating and rapidly emerging around the world: across the European Union, Scandinavia, South and Central America, Australia and New Zealand, Africa, India, and North America. They include everything from social financing and social capital to social enterprise development and social entrepreneurs, the social economy, the education sector, the community development sector, the environment or "green" sector, and the private sector.

In the United Kingdom, the Tony Blair government moved early to embrace the concept of social innovation. In 2006, the Cabinet Office of the Third Sector (OTS) launched the Social Enterprise Action Plan, building on the government's 2002 Social Enterprise Strategy. The vision of the policy was to support the environment for a thriving third sector, enabling people to

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[16] For more information, see http://www.worldbank.org, http://www.oecd.org, and http://www.iadb.org.

change society by focusing on four main themes (Office of the Third Sector, Social Enterprise 2006):

- **Foster a culture of social enterprise**, especially by inspiring the next generation to start thinking about the social impact of business;

- **Improve the business advice, information, and support** available to social enterprises;

- **Tackle the barriers to access to finance** that restrict the growth of social enterprises; and

- **Enable social enterprises to work effectively with government** to develop policy in areas of expertise.

Governments in many countries have restructured the public sector to better focus on fostering innovation, science, and research.[17] Australia, New Zealand, and the United Kingdom are seen as having become hotbeds for social innovation. In the case of Australia and New Zealand, collaboration among public, private, and education sectors began accelerating with the skills and learning agendas of the late 1990s, and continues to evolve, as is evident in Australia's Productivity Agenda: Education, Skills, Training, Science and Innovation.[18]

The recent establishment by President Obama of the White House Office of Social Innovation, including a new Social Innovation Fund, signalled the importance of social innovation in the recovering American economy and in the rebalancing of social and economic priorities. The Office will

- Promote partnerships between the government and non-profit groups, businesses, and philanthropists;

- Identify and support the rigorous evaluation and expansion of innovative, promising ideas that are transforming communities – for example, Harlem Children's Zone, Youth Villages, Nurse-Family Partnership, and Citizen Schools;

- Support greater civic participation through new-media tools; and

- Promote national service (Chronicle of Philanthropy, 2009).

International philanthropic trends are being impacted by "changing global philanthropy and financial architecture; rise of remittances; relative decline of ODA's importance [Official Development Assistance]; technology's impact; the rise of social entrepreneurship, social enterprise, social finance, and expanding hybrid cross-sectoral" (Draimin, 2008a: 7).

Interestingly, up until the recent economic downturn, there had been an increase in global philanthropy, with individuals and foundations being the main donors. For example, American philanthropic giving broke through the $300 billion level for the first time in 2007.[19]

Draimin (2008: 19) identifies some likely future directions for philanthropy that could give social finance a greater global reach:

- The opening up of cross-border giving, which will challenge the monopoly of traditional players;

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[17] For more information, see http://www.innovation.gov.au.

[18] For more information see http://www.australia2020.gov.au/docs/final_report/ 2020_summit_report_1_productivity.doc and New Zealand's Skills Strategy at http://www.skillsstrategy.govt.nz/.

[19] For more information, see *Through the Roof: Trends in Philanthropy 2008*. Giving USA. http://www.solanocf.org/ uploads/pdf/Through%20the%20Roof.pdf.

- The growth of southern philanthropic structures, like Trust Africa, community foundations;

- Global trends towards cross-sectoral strategies, social entrepreneurship, social enterprise, hybrid social business structures (moving beyond tax status "silos"); and

- A deepening globalization of philanthropy.

The economic downturn at the end of 2008 has, however, had a serious negative impact on funding for organizations active in social innovation. "Two-thirds of United States foundations expect to reduce the number and/or the size of grants they award in 2009; thus, organisations seeking new sources of support and recently established entities will be especially challenged in securing foundation funding" (Crosby, 2009: 1).

4. SOCIAL INNOVATION – PERSPECTIVES FROM LEADERS AND EXPERTS

Leaders and experts engaged in social innovation initiatives were interviewed for their views on key areas. The interview guide and the list of persons interviewed appear in appendices 4 and 5.

The key points made in the course of the interviews are summarized below.

4.1 Trends

4.1.1 Acceptance and Broadening of Social Innovation

Leaders and experts agreed that social innovation is gaining acceptance and that there has been a broadening of the understanding of the concept and of its extension to other sectors.

One expert commented that even five years ago, the term was used only by people deeply immersed in the field. Today, it is more widely used "to reflect the idea that social innovation is part of an innovation system."

There is recognition that innovations in science and technology alone are not enough, and that innovation is in fact an ecosystem, which is modeled in the following diagram (Shapson, 2009).
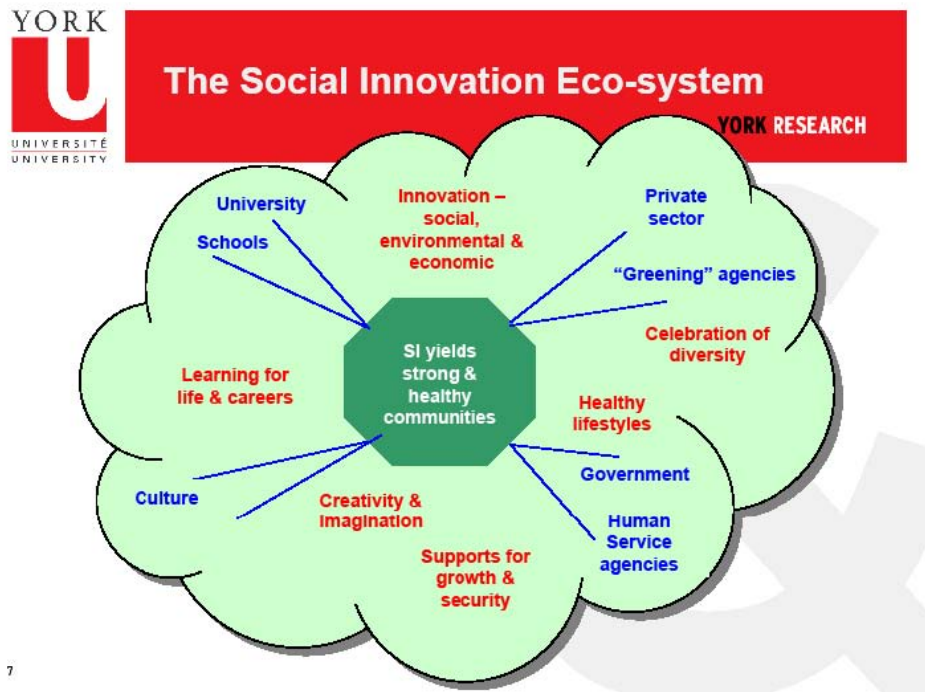
Some leaders suggested that significant developments in the field of social innovation have been the adoption of the concept by business and its application in the private sector.

There is seen to be a change on the part of both non-profits and business, a willingness to look at one another to find win-win opportunities. For business, this requires growth in corporate social responsibility and adoption of a "triple bottom line." For non-profits, this typically means operating in a manner that utilizes more business-type practices and methods.

Consistent with the findings in the review of recent literature, not all leaders and experts interviewed agree on the extent to which the private sector has embraced the concept of social value as a significant business practice. One respondent said that there may have been "some movement … [and that social values] are becoming more prominent." He added that although "companies are recognizing the importance for caring capacity … very few companies exist where CSR is built into the DNA … [Any serious change] will depend on the market sending the right signals and government stepping in."

In any event, for all sectors, leaders and experts agree that the concept of social value is gaining increasing acceptance, and that there is recognition that incremental improvements are not enough to address the major social challenges we are now facing; instead, large-scale transformative changes are required. Some describe this trend as a change in "mindset."

Canada's Science and Technology Strategy was cited as an example of this change. Traditionally, this policy area has been associated with economic development, but with the emergence of serious issues around sustainability and global climate change, there has been a shift to a more horizontal or integrated view of science. A good example is the approach to environmental policy that has been adopted by the European Union (EU), known as "the Cardiff process." This process was designed to introduce a horizontal approach to environmental policy by requiring that environmental considerations be incorporated into all community policies.

The complexity and interrelatedness of environmental issues required a networked governance approach to address these policy issues.

Some key informants noted, however, that although Canada's Science and Technology Strategy (2007) targets federal support in four key areas – namely, natural resources, the environment, health, and information technology – it is still focused on economic impacts.

4.1.2   New Forms of Collaboration and New Ways of Working

One expert sees a trend towards collaboration "everywhere," along with new kinds of public/private and profit/non-profit partnerships. The collaboration scale varies by sector in terms of level of development, and the degree of need and social capital.

One example cited was the Canadian Partnership for Children's Health and the Environment (CPCHE), a multi-year project to change health policy. A measure of CPCHE's success is that 11 small disempowered organizations have created a collaborative model to effect change.

The Centre for Social Innovation (CSI) in Toronto serves as another example. CSI exists because of its relationship with the for-profit owner (Urban Space Property Group) of a building that needed a tenant. Because the rent is slightly below market value, CSI is able to accommodate 150 social mission groups. The landlord is so pleased with the zero percent vacancy rate that she is undertaking a similar development elsewhere in the city.

TechSoup Canada was another example provided. TechSoup is a global partnership that orchestrates the donation of software from 35 companies around the world. With this arrangement, the individual private companies no longer need to deal with requests for donated software, and the non-profits have a single point of contact for requests. TechSoup receives a small administrative fee to support its core operations.

During the interviews, two sorts of networks were identified: electronic and social.

Electronic networks have resulted from new technology and are seen as completely altering the way we understand the world, what we can do, and how we are connected.

Many of those interviewed felt that the potential of electronic networks needs to be more fully tapped. Someone suggested a "magnetic attractors" for tapping their power. A "magnetic attractor" can be thought of as the single idea that would motivate a large group. In the words of one key informant, "What is the one email I could send that would be read by 10 million people? What is the issue that 5 million people could get behind that would transform a system?"

A number of interviewees mentioned social networks, which involve relationships rather than technology. The purpose of a social network is to get groups to come together, to agree, and to act together within the same framework. There is an "art" involved in managing this complex process in order to achieve these seemingly simple goals.

Some key informants identified open-sourcing, open-thinking, and crowd-sourcing as trends. For a definition of "open source," we turned to Wikipedia:[20]

> ...an approach to design, development, and distribution offering practical accessibility to a product's source (goods and knowledge) .... [T]he term *open source* gained popularity with the rise of the Internet, which provided access to diverse production models, communication paths, and interactive communities ...
>
> The open source model of operation and decision making allows concurrent input of different agendas, approaches and priorities, and differs from the more closed, centralized models of development .... [O]pen source methods are increasingly being applied in other fields of endeavour ... (Wikipedia, 2009).

A key informant stressed that open source is "the model you put on top of the network [or] partnership [that helps one] figure out how to use collaboration to bring about and develop new models for information sharing" and equated open source to "crowd-sourcing." The idea here is to put out to the social network an idea or challenge and to have those people with the answers or those who want to work on developing the answers come in to find you. It is the act of "harnessing a community of practice." Developing a flourishing crowd-sourcing or community environment is a complex undertaking that requires more "social design" skills than technical skills. These skills include designing the challenge (i.e. establishing rules for participation, building processes to implement rules, and moderating the process to ensure the rules are followed); attracting a "crowd"; determining the criteria and process for closing off the voting on an idea or challenge; identifying and managing risk points; and understanding the social behaviours and interactions occurring within the crowd-sourcing environment.

4.1.3   Evaluation and Accountability

Most of the people interviewed felt that much more work needs to be done in these areas, particularly if private sector participation is being sought. If social innovation processes are successful, then measuring, evaluating, and communicating their impact is essential. One expert said that knowing the costs of social innovation can only contribute to its effectiveness and its scalability. The role of government in evaluation and accountability was questioned because of the risk involved in social innovation becoming a "regulated industry" – namely, it would stifle innovation.

However, in the United Kingdom and Europe, research is being done on the Social Return on Investment or SROI.[21] SROI aims to help organizations understand and manage the social, environmental, and economic benefits (value) they are creating. A measurement approach developed from traditional cost-benefit analysis, SROI captures the economic value of social benefits by translating social objectives into financial measures and focuses on the most important sources of value as defined by stakeholders.

SROI is becoming "a way of thinking" for a wide and growing variety of enterprises and investment-oriented, socially driven organizations. For example, SROI is being adapted within the new economics foundation in the United Kingdom and European portfolio of work on social enterprise.[22] Thinking through SROI is a core element of the Global Social Venture Competition (GSVC), whose purpose is to actively support the creation and growth of successful social ventures around the world. *Social ventures* are defined as enterprises that have both financial and social goals as their purpose. Increasingly, the concept of "blended value" (i.e. creating value through social, environmental, and financial means) is being discussed and debated.[23]

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[20] For more information, see http://en.wikipedia.org/wiki/Open_Source_Definition.

[21] For more information, see The European Social Return on Investment Network, http://www.sroi-europe.org/.

[22] For more information, see new economics foundation, http://www.neweconomics.org/gen/.

[23] For more information, see Global Social Venture Competition, http://www.gsvc.org.

4.1.4   Economic Downturn 2008

Helmut K. Anheier, of the Heidelberg Centre for Social Investment, and of the Center for Civil Society and Center for Globalization and Policy Research at the University of California, Los Angeles (UCLA), describes the current economic downturn as "closely related to the inability of governments and international institutions to address what experts call the global governance problem – the growing mismatch between the forces of globalization (largely financial), and the capacity of governments to steer and regulate." Because the scale of the global economic downturn has been greater than had been anticipated, it is important to look at how this could affect the evolution of social innovation. From one perspective, some of the traditional funding sources such as foundations have experienced a 25 percent drop in their endowments, thus restricting their ability to fund as many innovative projects, particularly in the non-profit sector (Nee, 2009: 13). However, a number of world leaders are embracing social innovation as a creative way of addressing many of the world's societal problems resulting from the downturn. European Commission President José Manuel Barroso said recently, "The financial and economic crisis makes creativity and innovation in general, and social innovation in particular, even more important to foster sustainable growth, secure jobs and boost competitiveness."[24]

Experts had a variety of reactions when asked to comment on the challenges and opportunities that might arise from the recent economic downturn.

The bluntest assessment was that the downturn would likely lead to the closing of some non-profits, and those that survive will not have access to the same sponsorship dollars, whether from government, philanthropic organizations, or business. This assessment means that there is a developing sense of urgency and desperation "to find economies of scale" and to collaborate. Organizations that thought they were stable and independent are looking at sharing offices, accounting, fundraising, etc in order to cut costs and increase their chances of surviving.

Another impact is that organizations are becoming even more risk averse, which could lead to curtailing of social innovation.

Other experts saw opportunities in this downturn. One argued that any tightening or consolidation would spur more innovation and "can be exciting … [It will be] interesting to see which stay and which go." Another said this is "a huge opportunity … to think about what we do and how [we do it] in our economic life." In this view, there is an opportunity to create real value in communities. If local communities are to be social innovators, then this expert sees a particular challenge in how to involve sectors locally. The same expert believes, however, that we are conditioned to think about entrepreneurs in terms of individuals or groups of individuals, rather than communities.

Another expert linked the environment and economic crises together, and sees this as an opportunity for action. This person felt that successful entrepreneurs will be able to create innovations by applying sophisticated thinking to the new opportunities.

One key informant observed that moves by the new US administration will undoubtedly impact Canada. Another suggested that to ensure a productive outcome from the recession, government should create a "community resiliency fund" that would be driven and run by non-profits and not by government to help the non-profit sector undertake more systematic and effective collaboration, consolidation, and sharing. In Ontario, such a fund would require

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[24] For more information, see http://www.euractive.com/. "Brussels promotes Social Innovation to tackle crisis." January 21, 2009. http://www.euractiv.com/en/socialeurope/brussels-promotes-social-innovation-tackle-crisis/article-178669#.

perhaps $15 million to $20 million to have a viable impact. This opinion was consistent with another expert who viewed the government's role "as an intermediary… [and that] municipal, provincial, federal governments all have a role."

4.2   Models

Those interviewed for this study were asked

- whether there is a distinctly Canadian system or model of social innovation;
- whether there are emerging models; and
- about the current state of relationships between the sectors.

It should be noted that not all of the "models" outlined below are complete or well developed; some are concepts that may evolve into models that could be applied elsewhere. Some models are based on recent initiatives and practices, while others reflect the role of government or recent initiatives by some countries.

None of the models are mutually exclusive.

4.2.1   A Canadian Model?

Most leaders and experts that we interviewed felt that there is no distinctively Canadian model for social innovation. Many, in fact, believe that social innovation, generally, and related developments in social enterprise and social finance may be finding greater acceptance in countries other than Canada. They either implied or stated directly that Canada has fallen behind.

For example, it was noted that no level of Canadian government has an office associated with social innovation as a cross-cutting issue. Others suggested that perhaps in poorer countries there may be greater awareness of social enterprise as a force to solve social problems and to create social change.

Some key informants felt that some provinces may have or are developing different models for social innovation. In this regard, the strength and scope of Quebec's social economy was often cited.

Successful socially innovative Canadian models include Coady International Institute, Plan Institute and Right to Play International. The J.W. McConnell Foundation has played a significant role in contributing to the expansion of social innovation in Canada by funding organizations such as Roots of Empathy, and initiatives between Dupont Canada and the Plan Institute as well as founding the Social innovation Generation (SiG).[25] We also heard about developments in Nova Scotia, Saskatchewan and British Columbia to promote co-operation among co-ops. Some of this work has resulted from government decisions and by the co-ops themselves. For a list of some Canadian socially innovative organizations please see Appendix 2 and 3.

4.2.2   The United Kingdom Model

Several experts cited the United Kingdom's experience in promoting social innovation through government financial and other supports. The United Kingdom is considered by many to be a hotbed of social innovation and has been experimenting with a number of models and approaches. The suggestion was made that Canada could, and perhaps should, emulate these developments.

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[25] For more information see http://www.mcconnellfoundation.ca.

In the United Kingdom, attention was gained by the involvement of then Chancellor of the Exchequer, Gordon Brown, who appointed a high-profile chair to the Social Investment Task Force, Sir Ronald Cohen. The Task Force made five important proposals, which, taken together, were intended to create the conditions for the emergence of a vibrant, entrepreneurial community development sector:

- A Community Investment Tax Credit to encourage private investment in community development;

- Community Development Venture Funds, a matched funding partnership between government and the venture capital industry, entrepreneurs, institutional investors, and banks;

- Disclosure of individual bank's lending activities in under-invested communities;

- Greater latitude and encouragement for charitable trusts and foundations to invest in community development initiatives, even where these include a significant for-profit element; and

- Support for community development financial institutions, including community development banks, community loan funds, micro-loan funds and community development venture funds.[26]

Building on the Social Investment Task Force, a voluntary sector taskforce (established in 2008) recently recommended the establishment of a social investment bank that would transform the third sector's service delivery role and change the role that charities and social enterprises can play in the delivery of public services by

- Developing financial instruments and structures to raise capital for the third sector;

- Acting as a wholesale intermediary between suppliers and users of capital in the sector;

- Providing advice and support to market participants, including research and other materials to attract additional finance into the sector; and

- Working with governments, foundations, and service providers to develop programs of investment in specific markets where gaps are identified (Charity Finance, 2009).

More than one expert was enthusiastic about the United Kingdom legislation that provides structural and legal support to communities that employ creative thinking to solve social problems and to foster social innovation. However, one person cautioned that this may have attracted entrepreneurs interested only in the money, not actual "social" entrepreneurs.[27]

4.2.3   Constellation Model

The constellation model initiated by the CSI in Toronto was described and referenced by a number of the experts interviewed.

It emphasizes the role of small, self-selecting action teams drawn from partner organizations to work on a particular task or issue. These teams or constellations "operate within the broader strategic vision of a partnership." A partnership is created when a group of people recognize a common need or opportunity or a "magnetic attractor" and realize that they can gain a good deal by forming a partnership to respond.[28]

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[26] For a press comment on the success of the work, see McCaffrey, 2001.

[27] We were told that perhaps the only academic to have raised this concern is Helen Haugh from the University of Cambridge. Ana Maria Peredo and Helen Haugh are collecting data and planning a paper about the opportunities and challenges of social enterprise in the United Kingdom and Canada.

[28] See Surman 2006, 2008, and 2009.

The teams or clusters form and become active when some partners are motivated to take action on a particular issue. Their focus is action on a common interest such as public education, service delivery, or research. When there is low energy or declining opportunity, a constellation can become inactive or disappear altogether without impacting negatively on the overall partnership (Surman and Surman, 2008: 25).

These teams thread into the overall partnership, which is held together with a framework that shares leadership between the partners (Surman and Surman, 2008: 25). Leadership in this partnership involves a stewardship group and a third-party coordinator.

In summary, the constellation model is characterized by lightweight governance, action-focused work teams, and third-party co-ordination.

This model was seen as having some advantages over other models for groups working together. One advantage is that the emphasis on action teams accommodates tensions around priorities. The model allows groups to work on their primary interest – research or public education, for example – by starting a constellation and inviting other partners to cluster around them. Constellations flow from opportunism, not from a rigid strategic plan (Surman and Surman, 2008: 25). This approach helps partners preserve their "organizational autonomy, since groups only engage in issues that align with their interests" (Surman and Surman, 2008: 26). Further, since the secretariat function is carried out by a third party, there is no possibility of one partner taking power and others deferring responsibility and losing energy.

A comparison of the constellation and open-source models reveals several similarities. Both models involve action teams coming together to achieve a goal based on self interest; both rely on third-party co-ordination; both balance meritocracy with inclusion so that "the best ideas and approaches rise to the top and are strengthened by the expertise of the community." In both models, "individuals and groups get in or out at any time based on their own interests and needs."[29] In both models, there is a balance of self-interest and mutual interest.

Despite the many shared characteristics, the two models differ in important ways. "The constellation model focuses on producing social value while the open-source model focuses on producing assets that can be distributed under open-source license. The constellation model draws teams from partner organizations while the open-source model draws individuals from anywhere. Companies can use the outcomes of the open-source model to generate profits; companies cannot monetize outcomes from the constellation model" (Surman, 2009: 6).

4.2.4 Engaged and Venture Philanthropy

The engaged philanthropy model is now in use in Vancouver, Toronto, and Calgary. It is unique in that foundations give more than just money; they also provide access to people and experts who work with the non-profits they support. In this way, philanthropy builds bridges across ideas and values; foundations and the non-profits are equally influenced. An example of this approach is the work of the McConnell Foundation with the Plan Institute.

Venture philanthropy[30] is a closely related idea. Like engaged philanthropy, it involves supporting organizations by providing management and technical support as well as financial resources. In both, donors become engaged with the organizations they fund, as in taking positions on governing boards. Venture philanthropy goes further: it involves a willingness to experiment and try new approaches; accountability for results and a focus on measurable

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[29] This material is an abbreviated version of the complete discussion in Surman, 2009.

[30] This description borrows from http://www.kirschfoundation.org/why/venture.html; http://www.ncvo-vol.org.uk/sfp/funding?id=2206; http://www.charityvillage.com/cv/ires/ires11.html; and http://en.wikipedia.org/wiki/venture_philanthropy.

results; a focus on capacity building, instead of programs or general operating expenses; and long-term (three to six year) investments. A Canadian example is Social Venture Partners International.

4.2.5   *Distribution of Wealth*

Economic prosperity in some parts of the world has been accompanied by increasing levels of inequality, leading many to seek a model that improves equality as well as economic growth and prosperity.

One key informant cited an example that provides such a model for social innovation, found in the Emilia-Romagna region on the Adriatic Sea in northern Italy (John Restakis, nd). There, labour, business, government, and grassroots community organizations are working together to foster an economy of co-operation. The key informant reported that this region is very advanced in creating social enterprises to address social problems such as addictions, health, and child welfare, and in creating a prosperous economy with less inequality. It has been operating for more than 80 years and is the oldest co-operative region in the world (Manson-Singer, 2009).

4.2.6   *SSHRC-Funded Knowledge Mobilization*

One of the trends that has emerged in the last several years is the creation of university "knowledge mobilization units" using as a model the infrastructure created by universities to transfer scientific research to meet industry needs and to provide a comparable infrastructure on the social side. Much of this activity was a result of two rounds of the pilot "Knowledge Impacts in Society" (KIS) competition devised by SSHRC over the past few years, which has the objective of building institutional capacity for knowledge mobilization (KMb) with the goal of increasing influence, impact and social innovation.

These units, housed at a number of post-secondary institutions, serve as central offices to connect the wider community with researchers and graduate students on campus, thereby providing a "matchmaking" service to link up the university's skills and interests with the needs and aspirations of the public, private and not-for-profit sectors. The offices often arrange seminars as a forum for the exchange of ideas between the community and faculty. This model builds on universities' commitment to participating in the community and building long-term capacity, but can also involve more than simple co-ordination of individual faculty projects by fostering the development and "co-creation" of new research and student training opportunities.

Knowledge mobilization units for social innovation are akin to universities' industry liaison and technology transfer offices, and deal with NGOs, government, and service groups. The pilot initiatives currently in place at University of Victoria, York University and Memorial University of Newfoundland, for example, are already leading to synergies that include joint submissions to granting councils, or joint undertakings with private foundations.

One aspect of the York KMb unit is to place graduate interns either with NGOs or with government so as to put capacity in the system with little extra investment. With this arrangement, students are able to assist with projects that will help address issues that are meaningful to the agency or department. Examples include literature reviews on accessibility for disabled persons; researching and developing best practices to encourage compliance with regulations; and analyzing changing demographics so that a hospital can understand how to serve cultural and religious diversity.

In addition to piloting the KIS competition, SSHRC has also experimented in recent years with other dedicated KMb programming including Strategic Knowledge Clusters which support long-term networking between researchers, graduate students and the public, private and not-for profit sectors as well as a series of Public Outreach Grant competitions. These initiatives are promoting social innovation in Canada by facilitating and enabling the two-way exchange of

knowledge and experience thereby enhancing both social development and the insights gained in the research process.

Over the past three years, Philanthropic Foundations of Canada has hosted two meetings in partnership with the University of Alberta and the University of New Brunswick respectively to develop an agenda for further institutional capacity building for knowledge mobilization and social innovation.

4.3   Role of Government and State in Social Innovation

Interviewees spent more time talking about the relations among the public, private, and non-profit sectors, and in particular the role of government, than any of the other topics identified.

They indicated a sensitive understanding of the role of government and its limits. Nonetheless, a good deal of frustration was expressed regarding general attitudes within government, as well as with specific programs. While it was pointed out that state control "has never been a great model for innovation," everyone interviewed felt that government has a major role in setting the appropriate legal and regulatory framework and in providing specific funding support. Another central message concerned the need for government to lead by example. Together, these actions can ensure that there is an appropriate framework within which social innovation can flourish.

4.3.1   Government as Initiator and Facilitator

There were strong expressions of the need for government to "pay attention" (in the words of one expert) and, in some cases, to take the initiative in encouraging innovative solutions to address social issues.

Government's role as a facilitator was also mentioned. One expert cautioned that government's role "has to be very carefully defined because too much involvement can hinder innovation. [Government's] role should be as facilitator … [and] can be a conduit for cross-sectoral change." In the same vein, another expert noted that government "can act as a facilitator to ensure that multiple sectors are involved in areas such as housing and health, which require involvement of many different sectors."

4.3.2   Government as a Model

One key informant stated that government needs to move social innovation onto the public agenda by placing value on it. Another person stressed the point that government programs that are intended to support "innovations" need themselves to model innovation. At present, some stated that government behaviour is a hindrance to social innovation.

A recurring theme involved government's view of innovation and its treatment of risk-taking within government. The overall message was that Canada can gain an economic advantage if it can be positioned as a social innovator at the global level, since social innovators can lead the way in economic and environmental improvements.

Some experts explicitly or implicitly drew a comparison (with regard to recognizing and supporting social innovation) between Canada and the United Kingdom – where work is underway – and the United States – where work is expected under the new administration. With respect to the need for innovation within government, one of those interviewed observed that "there is no safe space … in Canada to explore and experiment with how we can innovate in government and between the sectors." This informant proposed that Canada create a "pressure-free environment" that might be a "social innovation lab" supported by perhaps $5 million per year. Such a lab would be a "completely detached, risk-free space that would bring together the cream of the crop of thinkers experienced in government to try out new ideas."

4.3.3   Government as Funder and Regulator

There was widespread consensus among those interviewed that government needs to set the funding and regulatory conditions that can foster social innovation.

There was a strong feeling that, in Canada, government needs to better support social innovation. One expert noted that a "problem with private funding is that they select the problem whereas the state does not discriminate so much." In Canada, he said, "government should support social innovation because we do not have big foundations as in the US."

The comment was made that Canada's funding models work only partially and only for parts of the system, and therefore they reinforce the silos we have built. New funding models are needed to support social innovation across all sectors. As with funding, our regulatory framework is designed around sectors, with separate provision for "private" and "non-profit" organizations. In the opinion of some respondents, the framework needs to be redesigned to support hybrid organizations.

Concerns were also expressed that funding tends to go to known service organizations rather than supporting actual innovations.

Government also needs to reduce the "red tape" required for application, reporting, and accountability; this keeps some significant innovators from even asking for government help.

With respect to solutions, one academic expert noted that in Nova Scotia, "a funding arrangement has been created … [in which co-ops] tax themselves to be able to support other things." The expert stated that "housing co-ops are talking about adding 2 percent to their payments to support other co-ops through … [something like] a trust fund." The United Kingdom, for example, has "an entire system of funding in place" and Canada would be wise to examine it and other systems in order "to move beyond a handout mentality and provide structural access to funds."

It was suggested that further research should be undertaken on alternative regulatory frameworks for charities/non-profits.

4.3.4   Government's Relationships with Sectors

Non-profits' fundamental relationships with government are seen as problematic, primarily because governments continue to consider non-profits as recipients of grants and contributions rather than viable partners. Despite the ongoing devolution by governments of mainly social services to the non-profit sector, the handout mentality continues to prevail.

In elaborating on the nature of the relationship, one expert said that government and other sectors sometimes act as "enemies" even though they "are all in this for the public good." One expert added that there is a need for a kind of "ecosystem" in which sectors can participate jointly.

Experts were asked about alternative models involving convergence among the non-profit, government, and private sectors.

Many respondents said that governments need to support "genuine partnerships" among the sectors. It could start by sometimes asking for partnerships involving all three sectors rather than just two. One expert noted that whereas governments "say they want agencies to collaborate … [they] won't provide the funds to get partners around a table … [to work through the] development phase [required] to build a meaningful partnership …. To make it worse, [government mandates] collaboration but does not put in the resources and wisdom to figure out how to make it something other than top-down."

Instead of functioning in what is seen as a paternalistic paradigm, it was felt that government needs to open up the conversation and be more innovative, less restrictive, and more focused on experimentation. Government, commented one respondent, must show a greater willingness to invest in risks and to "create a learning environment ... [with the] space and guidelines that enable non-profits to take risk and not be penalized for failing."

5. CONCLUSIONS

Social innovation has been described in many ways: a characteristic of human existence; a "movement"; a transformative effect; a proof of possibility; a positive change; and a large field including everything from academic study to corporate strategy. Even though there are historical antecedents to many social innovations, social innovation as a concept is quite recent and is emerging rapidly across the world. There is a collective willingness to embrace this concept primarily because there is a new sense of urgency in the need to find solutions to many of the world's problems.

Research and academic study with respect to social innovation are also more recent, particularly in Canada, and much more needs to be done to increase our understanding of social innovation: what it is, how it works, and how its full potential can be realized.

It is our hope that this study will contribute to the knowledge of how social innovation has evolved in recent years and help identify areas for further work and research.

5.1 Key Findings

Our review of recent literature on social innovation, both in Canada and internationally, and the interviews conducted with leaders and experts in this area reveal a number of key findings about the evolution of social innovation since Goldenberg's initial report for CPRN in 2004:

The role of the non-profit sector in social innovation remains critical.

- Non-profit organizations, along with social entrepreneurs, social enterprises, and social economy organizations, continue to be a major source of social innovation in Canada, and they are increasingly called upon to fill gaps left by recent government devolution of responsibilities.

- The non-profit sector is increasingly becoming more accepting of business know-how and adopting and adapting business practices to further the pursuit of its social objectives.

- Models for public funding to support such organizations and foster social innovation have not changed significantly in recent years in Canada.

- The finances of organizations have been made more precarious by the recent economic downturn. In this context, timely and certain government support would encourage innovation.

There is increasing acceptance of social innovation and a broadening of our understanding of the concept.

- Previously understood almost as the exclusive preserve of the non-profit sector, social innovation is now seen as a broader concept that is increasingly being applied in different sectors, notably the private or for-profit sector, as well as the scientific and environmental sectors.

- There is an increasing acceptance of the importance of social innovation by society and by governments, and recognition of the need for more transformative action across the nonprofit, for-profit, and government sectors to address complex social issues and challenges.

- This broadening of our understanding of the concept and its expanding application to new sectors is helping to give social innovation new impetus and energy.

New forms of collaboration, both within and across sectors, new ways of working, and new models are emerging in the social innovation field.

- New ways for organizations to work together, new forms of networking, and new ways to work across sectors appear to be proliferating.

- This includes new kinds of public/private, profit/non-profit, and public/profit/non-profit partnerships.

- A variety of models are emerging, both with regard to social innovation as a transformative process and for public and philanthropic support for social innovation.

- There is a need to rethink and restructure relationships between government and the non-profit and for-profit sectors.

Social innovation is alive and well in Canada, but Canada is lagging behind other countries on some fronts.

- Canada has a long and proud history of social innovation reaching back many decades and involving non-profits, government, and, increasingly, profits.

- However, we are lagging behind some jurisdictions in certain areas. These limitations will work to our economic disadvantage because social innovation is about more than "feeling good."

- In particular, while governments in Canada have acknowledged the importance of social capital and the social economy and have been relatively active in those areas in recent years, Canada has not adopted broader models for public support, funding, and encouragement of social innovation as has been done in other countries.

- Canadian governments could find inspiration in the actions undertaken by countries such as Australia and the United Kingdom. Steps already taken by the new American administration could also be instructive for Canada.

Further research, study, and work with respect to social innovation will be important in order to increase our understanding of it, including how to encourage it.

- More work is needed to develop a clear and shared definition of social innovation, and increase our knowledge and understanding of its key elements and components and of the conditions that can help foster it.

- There needs to be further examination of how governments can best support and encourage social innovation through funding, regulation, and other means.

- We need to know more about how cross-sector collaboration and learning for social innovation can be facilitated and enhanced.

- More needs to be done as well on knowledge transfer and the identification, sharing, and dissemination of effective practices.

- Work on accountability, results measurement, and evaluation with respect to social innovation will also be important.

- We need a better understanding of the Social Return on Investment (SROI) in innovation.

5.2   Recommendations for Moving Forward

A number of ideas and suggestions were advanced by participants in the course of this study. Those, together with our own findings and analysis, led us to make a number of recommendations for consideration by all interested parties:

- An overall strategy to advance social innovation in Canada should be developed by leaders and experts from all sectors.

- Further research and study on social innovation needs to be encouraged by government and other parties, and data sources and research infrastructure need to be established.

- Research on the SROI is being undertaken in the United Kingdom and Europe in order to understand the economic value of social benefits. To better balance the focus between economic and social innovation, Canada needs to invest in work to better understand the SROI of social innovation.

- In the short term, specific areas within social innovation that need to be examined include cross-sectoral strategies and relationships; social financing; funding models and mechanisms; governance issues; and accountability and evaluation in the social innovation field.

- A national event should be created to bring together leaders and experts from all sectors. Practitioners and researchers across the field of social innovation would be able to connect and to share effective practices, governance and collaboration processes, knowledge transfer, and capacity-building.

- Knowledge transfer strategies and their adoption by social innovators need to be profiled and shared. This would help build capacity for social innovation.