

Title: "Unpacking the Social Innovation Strategies of Canadian Foundations"

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Published in: *The Philanthropist*, Journal Social Innovation

ISSN 2562-1491

Date: October 2, 2017

Original Link: <https://thephilanthropist.ca/2017/10/unpacking-the-social-innovation-strategies-of-canadian-foundations/>

Date of PDF Download: June 14, 2019

Unpacking the Social Innovation Strategies of Canadian Foundations

By Kristen Pue and Dan Breznitz

This article is the fifth in a series on social innovation.

Social innovation has become a popular policy buzzword globally, prompting strategies across all levels of government, as well as in business and philanthropy. Unfortunately, as many of us interested in philanthropy have noted (Lorinc 2017; McGoey 2015; Pue et al. 2015; Policy Research Initiative 2010), it is not clear why, how, and what actors are doing when they claim to do social innovation.

We wanted to understand how social innovation is being practiced in Canada; to do that, we spent a year studying the social innovation activities of Canadian philanthropic foundations. Foundations are a good window into social innovation activities because they are simultaneously incentive-setters and incentive-takers: like other charities they must conform to Canada Revenue Agency rules, while at the same time they work with charities and set funding conditions for them. As such, the social innovation behaviours of foundations can offer insight into what actors that seek to do social innovation need, and what actors that seek to fund social innovation consider. We interviewed 38 staff and board members from 18 Canadian philanthropic foundations operating in all regions of Canada and working on an array of issue areas – from early childhood education to financial inclusion in Africa, Indigenous sustainable development, foster care, arts and culture, and refugee protection. Our aim was to understand what foundations mean when they use the term social innovation and how, if at all, they are acting to promote it. This piece summarizes a few key points from our full report (Pue and Breznitz 2017).

To start, Canada has its own approach to social innovation. Although the foundations that we studied are involved in international social innovation networks, our interviewees rarely mentioned British social innovation magnates like Geoff Mulgan, or their US counterparts, such as Michael D. Mumford. The Canadian approach – the social innovation model developed by resilience theorists at the University of Waterloo – is rhetorically ubiquitous amongst Canadian foundation staff. This approach has at least two advantages. First, it emphasizes collaboration instead of the narrative of heroic entrepreneurs. Second, it stresses the immitigable nature of uncertainty and the need to be adaptable. However, our interviews revealed that foundations have struggled to put the concepts of the resilience approach into practice.

It is no surprise that social innovation is a contentious word in the world of Canadian philanthropy. While some foundations use the term – for them, the case for the term’s usefulness is obvious – others do not, either because they think it is a signal for harmful developments in the sector or because they simply have no use for it. Some foundation staff and board members worry that terms like social innovation are inaccessible and might prevent foundations from funding the most deserving organizations. There is also a good deal of confusion about how the sector should understand the term social innovation – which is consistent with the feelings of other actors, as Lorinc illuminated (2017). Despite hesitations about the term social innovation, it is clear that foundations want to promote characteristics like risk-taking, experimentation, and impact maximization, which are often associated with social innovation.

That brings us to the third finding: despite concerns and confusion about social innovation, foundations are already deploying tactics and strategies to promote it. The foundations that we studied are using 14 different devices to promote social innovation. We call these “social innovation tactics,” or SITs. The SITs draw on the three kinds of resources that foundations have at their disposal: financial assets, staff capacity, and legitimacy. In the report, we explore all 14 SITs and provide case studies. Basically, they are:

1. *Funding entrepreneurial individuals*: an example is the Metcalf Foundation’s Innovation Fellowship Program. The logic of this SIT is that foundations can use their financial resources to provide the enabling conditions for creative individuals to do social innovation.
2. *Providing training to entrepreneurial individuals*, for instance in the Gordon Foundation’s Jane Glasco Northern Fellowship. This tactic assumes that creative individuals need certain skills to be able to do social innovation.
3. *Offering early financing to charities and social enterprises*; an example here is the Vancouver Foundation’s Field of Interest “Develop” and “Test” grants. An intervention of this kind assumes that a barrier to social innovation is the difficulty that new organizations have in accessing finance, especially to develop an idea or test it.
4. *Providing capacity-building support to aid charities and social enterprises in implementing a new idea*, for instance through the Vancouver Foundation’s “Develop” cohort. The logic here is that social innovation attempts may fail because new or small organizations lack the skills to fully implement an idea.
5. *Offering financing to new or small charities and social enterprises so that they can scale up existing programs*, as with the Edmonton Community Foundation’s impact investment. This tactic is based on an idea that new ideas may fail to achieve impact because they are unable to grow due to lack of available financing.
6. *Capacity-building support to new or small charities and social enterprises so that they can scale up existing programs* – for example, Innoweave’s “scaling for impact” modules. This SIT assumes that new ideas may fail to achieve impact because they are unable to grow due to lack of organizational capacity.
7. *Training in social innovation methodologies*. The Bombardier Foundation’s Philagora programming aims to do exactly that. Foundations use this tactic to fill a perceived skills gap. Social innovation methodologies refer to tools and procedures that a non-profit (or other organization) needs to do social innovation.
8. *Social innovation challenges*: competitions in which a foundation offers a prize for the best “disruptive” or “innovative” solution to a specific social or environmental program, such as the

MasterCard Foundation's Innovation Competition. The logic here is that foundations can lead the social innovation process by directing funds to pervasive social challenges.

9. *Funding established charitable organizations to try new approaches.* For example, the Donner Canadian Foundation recently funded the Ecology Action Centre to try a new approach on community-supported fishing in Atlantic Canada. The idea behind this SIT is that non-profits may not do social innovation because financing is not available to try new things.
10. *Funding for research*, including what is sometimes called "social R&D" (research and development). There are three kinds of social innovation supporting research: basic research about a social problem, "systems sensing" research, and applied public policy research. This tactic assumes that social innovation is partially about advancing human knowledge.
11. *Identifying a desired social change and disbursing grants to achieve that change.* Good examples are the Coast Fund's work on sustainable Indigenous development and Maytree's recent adoption of a human rights approach to combatting poverty. The basis of this SIT is that foundations have a unique position in society that allows them to coordinate social change efforts amongst various players.
12. *Running a project in-house with the eventual aim of that project becoming an independent, self-sustaining organization.* For example, the Toronto Region Immigrant Employment Council began as a Maytree project. The idea here is that foundations have the capacity to absorb greater levels of risk than other organizations, which allows them to experiment with new ideas directly.
13. *Convening multi-stakeholder discussions on intractable social problems*, as with the Energy Futures Lab. This tactic is rooted in the notion that social innovation often results from new collaboration; as such, foundations can use their influence to spur discussions amongst groups that might not otherwise cooperate.
14. *Using cohorts to strengthen communities of practice*, as with the Lawson Foundation's cohort on outdoor and unstructured play. This tactic assumes that social innovation is more likely to occur when experts from across an area of practice come together to consider solutions to an ongoing problem.

The foundations we studied didn't stick to a single SIT: they used multiple tactics, sometimes simultaneously, in their work. So, we thought about the different ways that SITs could be combined in social innovation strategies. Canadian foundations are using at least five social innovation strategies: leading systemic change; promoting the social innovation ecosystem; being there early; supporting creativity; and facilitating institutional innovation. In the report, we describe the strategies and their corresponding SITs.

We found that foundations are conflicted about social innovation and unsure of what the term means. And yet they are acting to promote it in a variety of ways. That is encouraging, but it does pose a problem: until we have a clearer idea of what social innovation is and its purposes it is impossible to evaluate which tactics and strategies are the most effective and under which circumstances.

So where do we go from here? An important starting point, we think, is not to overstate the value of social innovation. Many often describe social innovation as something "profound," as a signal for a movement that disrupts and sends ripples across the entire society. This might be a worthy aspiration, but it provides little practical basis for advice about how philanthropic actors can adopt their routines and policies to become more innovative. The framework that is developed also needs to acknowledge and provide space for the different types of social innovation that exist. And it should bear in mind the specific utility of social innovation. Like all innovation, social innovation can be useful for certain

purposes and in certain contexts but should not be viewed as a panacea.

Perhaps more importantly, social innovation research lacks a theory of innovation. There exist plenty of theories in the field of social innovation, but *innovation* figures as the centre of analysis in none of them. Social innovation theories are generally about understanding something else about our society – frequently, new modes of governance and state-market relations – but give little attention to the meaning of innovation or its use as a conceptual tool. We propose to put innovation at the centre of the analysis, which means beginning with the term innovation. Accordingly, we define innovation as *the purposive actualization of novelty in a social setting*. This definition is academic, but it simply means that innovation is about the interaction of five dimensions: novelty, an agent, purposiveness, value creation, and adoption. In the report, and in another paper that we are now writing, we illustrate how these five dimensions can lead to a clearer sense of the different kinds of social innovation that exist. Once these are clarified, we can assess the effectiveness of social innovation tools and to identify best practices. But in the meantime, practitioners should focus their attention on the policy levers that Canada’s government and philanthropic actors can develop to routinize social innovation – in its many variants – just as we have routinized economic innovation.

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