REFLECTIONS ON SOCIAL INNOVATION

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INTRODUCTION

RECENTLY, OVER DINNER, A FRIEND ASKED WHAT I HAD BEEN WORKING ON lately. In reply, I mentioned that I had collaborated with others at Canadian Policy Research Networks (CPRN) – sadly, now defunct – on a paper about trends and developments in social innovation in Canada and internationally (Goldenberg, Kamoji, Orton, & Williamson, 2009). This was an update, for the Social Sciences and Humanities Research Council (SSHRC), of work I had done in 2004 for CPRN on the role of the non-profit sector in social innovation (Goldenberg, 2004).

My friend proceeded to ask me some (I felt) rather pointed questions. “What do you mean, exactly, by ‘social innovation’? Is it real? Is it new or just a different label for recycled ideas, a ploy to seek out more public dollars? And if it’s so important, what should we do to encourage it?”

Coincidentally, I was approached a little later by The Philanthropist to do a piece that would be something of a personal reflection on social innovation, based on my research and discussions with both experts and practitioners.

The result is this article. It argues, first, that social innovation is indeed “real,” that it is both old and new, but that it is different now from what it was in the past and that changing social and economic realities mean that social innovation is even more important today as we seek to address societal problems that are ever-more complex and urgent.

Second, it argues that Canada must do more to encourage and support social innovation, and makes a few suggestions as to actions that government could take to show some leadership in this area.

Third, and finally, it argues that moving forward is not just a question of what government can or should do. Maximizing the potential of social innovation will mean new ways of thinking about things and new ways of acting and working together on the part of all sectors of society.
Social innovation is not new to Canada and Canadians. Our first public schools, universities, and hospitals, for example, were social innovations in their time, led by charitable organizations. And who would say universal health care and medicare were not “innovative”?

Nor of course is social innovation new to other countries. To give just one example, recently I was reading a memoir of Robert Kennedy that described Senator Kennedy’s approach in the 1960s to fighting poverty, crime, and other social ills in the Bedford-Stuyvesant slum in New York City. “An effort in one problem area,” Kennedy stated, “is almost worthless. A program for housing without simultaneous programs for jobs, education, welfare reform, health and economic development cannot succeed. And the community must be involved as a whole” (quoted in Neufield, 1969, p. 99).

Kennedy’s approach was predicated on community ownership, design, and management of the revitalisation efforts in partnership with the local and federal governments and private business. A community corporation, with a board of directors composed entirely of local community leaders, developed plans and programs and held ultimate decision-making authority. A businessmen’s corporation (named D&S, for “Distribution and Services”) was mandated to provide “access to funds and managerial experience.” Government legislation and supports were put in place, including funding for community organizations and community investment tax credits for private businesses.

YES, I said to myself. It may not have been called that, but this was an example of what we mean by social innovation today.

While social innovation is not new to Canada or other countries, the use of the term itself is relatively recent. Until just a few years ago, innovation was seen as being almost exclusively the domain of science, technology, and business. In 2004, when Judith Maxwell, then president of CPRN, approached me in my early retirement from the public service to say she had a few ideas about something that she was calling “social innovation” and to suggest that I do some work on it, notably regarding the role of the voluntary or nonprofit sector, the term was certainly not one in common use!

In the last few years, however, we have seen an explosion of interest about social innovation in Canada and internationally. Governments around the world – in the UK, Australia, New Zealand, to name a few countries, as well as in Scandinavia and Asia and, more recently, in the Obama White House – are increasingly seeing it as an important and legitimate public policy approach. The same is true for international fora and organizations (e.g., the Davos conference in 2009) and multi-state political entities such as the European Union.

And while the voluntary or nonprofit sector continues to play a vital and important role in social innovation, the concept should not be seen as one that is limited to, or synonymous with, the nonprofit sector or any other single sector. Indeed, social innovation today is increasingly marked by the involvement of all sectors of society and by collaboration across sectors.
HOW DO WE DEFINE SOCIAL INNOVATION?
WHAT ARE ITS KEY CHARACTERISTICS?

There is much debate today among researchers, academics, policy-makers, and practitioners about how to define social innovation – indeed about what we mean by “social” as well as by “innovation” and how “social innovation” differs from, or relates to, “economic innovation” or “community innovation.”

CPRN’s review of recent research on behalf of the SSHRC looked at different definitions of social innovation, as does the “primer” on social innovation written by Geraldine Cahill of SiG (Social Innovation Generation) that appears in this issue of The Philanthropist. CPRN suggested using, as a working definition, the one put forward in 2008 by the Center for Social Innovation at Stanford University.

“[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, Deiflmeier, & Miller, 2008)

While there may not be agreement on a universal definition of social innovation, there is in fact widespread consensus on what it is about, its key characteristics, and current trends and directions in this field.

Simply put, social innovation is all about new ideas and solutions, and new ways of thinking, working, and doing things, in order to address social challenges. Social innovation can be as complex and large-scale as fighting poverty or addressing global climate change, or as simple and small-scale as creating a community garden.

It is characterized by a holistic, non-silo approach that cuts across boundaries between sectors (health, work and employment, education, the environment, etc.) and between jurisdictions and different levels of government.

Social innovation involves “transformative” or “big” change rather than just “tweaking the system.” It may not always succeed, but that is what is being sought.

This focus on transformative change through a holistic approach is driven by recognition of the complexity, inter-relatedness, and intractability of today’s social problems – the term “wicked problems” is heard again and again – which go beyond any one sector and beyond the capacity of government or other entities to address alone.

Social innovation is often community-based and community-led, using local knowledge and networks. “It’s all about locally developed solutions to local problems using local assets,” commented a federal government Deputy Minister at a recent Public Policy conference on social innovation in Toronto (Charette, November 2009).
Social innovation puts a premium on interpersonal networks and relationships – *knowing who* is seen as important as *know what* or *know how*.

Collaboration and partnerships are key attributes of social innovation and are crucial to how it works and its chances of success.

**How social innovation is evolving: Recent trends and new directions**

Most observers speak about rapid growth in social innovation in recent years, as it has expanded to include all sectors of society and to involve new players as well as new ways of working and doing things.

The private sector, in particular, is increasingly embracing social innovation, whether because of altruism or greater consumer social awareness and concern. There has been a rise in what is being called “corporate social responsibility” (CSR), the “double bottom line” (economic and social), or even the “triple bottom line” (economic, social, and environmental – “people, profits and the planet”).

At the same time, there has been change and evolution in the nonprofit or community or charitable sector as organizations are increasingly adopting more “business-like” practices and seeking to use economic activity and profits from the sale of goods and services to fuel and finance their social mission. Witness the growth of the “social economy” and “social enterprises,” “social-purpose” businesses, and other forms of “hybrid” organizations. Gerald Cahill’s “primer” summarizes a number of these concepts and terms.

A related key trend is the development of innovative approaches to social challenges that cut across the three sectors – public, private and nonprofit – and that involve partnerships among them:

*the free flow of ideas, values, roles, relationships, and money across sectors is fuelling contemporary social innovation... 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 see the three sectors joining forces to tackle the social problems that affect us all.* (Phills et al., 2008, p. 179)

Many speak of the rise of a “new and integrated” or “hybrid” model for social innovation, “the next innovation generation,” a “new model in which the social, economic, and technological dimensions are intertwined” (Phills et al., 2008, p. 182).

New ways of working and of building networks and creating partnerships are also emerging, often driven or facilitated by technology.

People talk of “open-sourcing” and “crowd-sourcing” – putting out expressions of interest and seeking ideas, information, and assistance on issues and problems. Some speak of “magnetic attractors” – an idea or text message or e-mail that can reach a million others. Others refer to “a new partnership ecology,” involving new models and forms of
partnership. For example, the “constellation” model involves the almost-spontaneous creation of small self-selecting action teams or “clusters” that coalesce around a specific issue, coming together rapidly and often informally and for short duration.

These new ways of working and new trends in social innovation are also calling forth new forms of public and private support. One example is the development of “engaged” and “venture” philanthropy, with foundations and private funders providing management and other assistance as well as financial support. New “hybrid” financing models – or “social financing” – are also emerging, such as labour-sponsored social investment funds and community development venture funds. Some of these new financing methods are discussed in more depth in articles by Nora Sobolov, Ted Jackson, and others in this edition of The Philanthropist.

And, as discussed later in this article, governments in many countries are putting in place new models and mechanisms for public support for social innovation.

Examples of social innovation abound. Internationally, think of socially-responsible investing; fair trade businesses; restorative justice; hospices; Banking for the Poor, the Nobel prize-winning Grameen Bank of Bangladesh that is almost 100% owned by the poor themselves; the Eco Fae brick, made of cow dung, a student initiative in India that won the 2009 Global Social Venture Competition; the Harlem Children’s Zone and Youth Villages in New York City; StreetSmart in Australia, which tackles homelessness through community efforts.

Some Canadian examples include the Citizens Bank of Canada – Shared World Term Deposit, which pools resources in order to finance loans to support development initiatives in third-world countries; the first-in-the-world Canadian Disability Tax Saving Plan; TRiEC’s efforts to promote immigrant integration into the Toronto labour market; the Hungry Heart Café in Newfoundland that provides employment and helps tackle homelessness; Quebec’s Labour-Sponsored Venture Capital Funds; and the work of Social Capital Partners in Vancouver to increase employment opportunities for persons with disabilities through loan-financing rates tied to “social hires.” Ian Bird, Tracy Robertson, Steve Huddart, and others discuss some interesting Canadian case studies elsewhere in this edition of The Philanthropist.

Social innovation, then, is “real.” It is both old and new, evolving as new ways of working and achieving social innovations are developed and as new sectors and new players participate.

Social innovation may be an “artificial construct,” but society always uses such ideas and concepts as a means to articulate trends and ways of thinking and acting.

And that is the value of the term “social innovation.” It helps point us to where we should be going in trying to address society’s most pressing challenges and offers direction on how to get there.
Social innovation is a term that almost everyone likes, but nobody is quite sure of what it means. Some academics would like to abandon the notion of social innovation altogether, arguing that it adds nothing to what we know about innovation and is too vague ever to be useful ... We disagree with this sort of ‘intellectual cleansing.’ The power of the notion of social innovation is that it both reflects and evokes a shift in our perception of how innovation benefits human beings... (Pol & Ville, 2009, p. 37)

Canada, however, is falling behind.

Governments around the world are taking action and showing leadership in encouraging and facilitating social innovation. They are taking on a variety of roles to do so – government as “funder” and “regulator”; government as “model”; and government as “convenor,” “initiator,” and “facilitator.”

The UK, Scandinavia, Australia, New Zealand, and parts of Europe, Asia, and Africa are “hotbeds” for social innovation. Examples of recent governmental initiatives include, in the UK, the creation of the Office of the Third Sector (2005), the adoption of the Social Enterprise Action Plan (2006), and establishment of the Task Force on Social Investment (2008); in Australia, the national adoption of South Australia’s Social Inclusion Initiative and the establishment of the Australian Centre for Social Innovation; and, more recently, in the US, the Obama Administration’s establishment of the White House Office of Social Innovation.

International organizations are also taking action; for example, the United Nations Global Contract and the World Economic Forum Corporate Citizenship Initiative is aimed at promoting the social and environmental dimensions of economic development.

Examples of new public financing mechanisms being put in place include the (admittedly small) Social Innovation Fund in the US, and measures in the UK such as the Community Investment Tax Credit and the development of community-development financial mechanisms and services, including venture capital and loan funds.

Not all of these international examples, of course, focus exclusively on social innovation per se. Some were undertaken, at least initially, to better support the nonprofit sector or promote community economic development. But they are also initiatives and mechanisms that can be valuable in supporting and promoting social innovation and that demonstrate the importance that governments around the globe attach to developing new and innovative approaches to address social issues.

The Government of Canada, alas, has been much slower to take action, despite a few small initiatives over the last few years to provide more support to social enterprises and the social economy organizations.

I participated in a recent conference in Ottawa that included presentations from social innovation experts and practitioners, as well as government officials, from several differ-
ent countries, including representatives from the UK, the US, Australia, Denmark, and the European Commission.

We heard story after story of what different jurisdictions are trying and doing. “This is actually depressing,” commented the Canadian colleague in the seat next to me. “It looks like everyone else is doing something, moving ahead. Canada has nothing to say, really. It’s depressing. It’s disgusting. And it worries me silly for the future.”

This is not to say that nothing is being done in Canada. Some provinces and cities, for example, have undertaken new initiatives, often relating to the nonprofit sector, that support social innovation. Nova Scotia has introduced a tailored tax credit, for example, and Edmonton has created a social enterprise trust.

But Canada as a country has not adopted broad policies or put in place new mechanisms to champion, promote, and facilitate social innovation, nor has it introduced new models for public support.

Take financing and funding, for example. We continue to starve our nonprofit sector, or, if you prefer a different metaphor, drown it in an ocean of red tape and constraints in the name of greater accountability, all the while either cutting back on funding or making it almost impossible to obtain significant levels of financial support or multi-year funding. “We are being $25K’d to death,” one participant said to me at a recent conference in Toronto, referring to the almost universal recourse within federal departments to the $25,000 limit for a contribution or contract beyond which virtually insurmountable red-tape processes kick in.

Moreover, current funding modalities deny organizations the “space” and development capacity they need to be creative and innovative. “R&D is the lifeblood of innovation, and we invest huge public funds in the private sector to encourage it,” observed one commentator at the same Toronto conference. “But we are refusing this to the not-for-profit sector. Nonprofits are in a ‘race-to-the-bottom’ to demonstrate the lowest overhead, without resources for research and development or to train or develop staff. Imagine treating businesses and corporations like this!”

Nor do we provide access for community and nonprofit organizations to the kinds of funds, venture capital, loans, and other supports that are available to private businesses. Our use of the tax system to encourage social investment and innovation has been halting and limited. We have not reformed the regulatory framework to promote, facilitate, and encourage social innovation, rather than hinder or impede it.

The most recent Speech from the Throne offers a glimmer of hope that Canada may do more to provide public support to encourage social innovation, but we have yet to see any concrete actions in this regard.
I know from discussions with senior government officials that many feel that the time, the fiscal and economic context, or the policy directions of the current government are not right to move forward with a bold strategy of public leadership on the social innovation front. Others worry that government intervention could, unwittingly, “kill” what it is trying to promote.

They may be right. But it is clear that there is more that government can do and that it must do if, at the very least, it does not wish to impede or discourage social innovation. Above all, I believe that it is important that government send a signal affirming that social innovation is vital to addressing our critical societal challenges and that we all need to work together to encourage more of it.

Here are a few suggestions as to some modest steps that the Government of Canada could take to send the right signal, to show national leadership, some things on which we can build. Each could be undertaken separately or could be linked to each other. As an “old” federal public servant, I focus on what the Government of Canada might do, but, of course, all governments in Canada have important roles to play here.

**Undertake a “joined-up government” initiative**

Today’s social problems seem increasingly complex and require solutions that cut across sectoral and jurisdictional boundaries. But government tends to work in “silos” or “boxes,” with each agency having its own mission, responsibilities, programs, etc.

The term “joined-up government” was used by the Blair government in the UK to signify a whole-of-government approach to addressing complex public-policy issues. In Canada, we have tended to use the more modest and cautious expression “working horizontally.”
The idea would be for the government to allocate funds to addressing a social issue or challenge – that is, allocate the funds to the challenge itself, not to a department or departments.

Choose a national issue and/or a regional or local one. Consult on the choice of issues – but consult meaningfully and quickly! Put some new funds into these initiatives, or, better yet, re-allocate funds to them, sending another message. Have a lead Minister or department or agency, by all means. But make it a truly cross-government initiative.

Base the criteria and conditions for funding on social innovation considerations, in other words, on considerations that look to community-led actions that cut across sectors and boundaries and require partnerships between the public, community, nonprofit, and private sectors. Establish an accountability and evaluation framework that is results-based, rather than imposing burdensome process-focused reporting requirements.

Set a specific and relatively short timeframe for each initiative, say, two years, to assess if it is working and to take stock of the lessons learned from the experience so that government can move forward with this kind of broad approach or other model to address important social challenges.

Establish a “something” of social innovation

I know, I know. No one wants another costly piece of bureaucracy. But we need to do something to send a signal to drive things forward.

So follow the lead of the US and other countries and establish an Office of Social Innovation and mandate it to make recommendations on what the government can and should do to foster more social innovation, including policies, regulations, mechanisms, machinery if needed, and financing and other kinds of public support. Have it take a look at some issues for a “joined-up government” initiative as proposed above.

Call it an office or a task force or something else, if you want. But make it the Prime Minister’s Task Force (or whatever) and have it headed by a senior Minister. Put it on a fast track. Give it twelve months to consult widely and deeply, look at what other jurisdictions are doing, and make proposals.

Commit the Government to respond within that timeframe. And then act on its recommendations.

Create a “safe space” for innovation within government

Send another signal, this time within the public service, about the importance of innovation, and about government as model.

Select a team of highly competent, bright, creative public servants who are both thinkers and doers. Choose them from several departments and agencies. Pick the “best and the brightest.” Bring in some people from the other levels of government and from the private and community sectors.
Don’t establish a formal hierarchy or reporting relationship. Have the group bring their thoughts and ideas directly to the Clerk of the Privy Council. Charge them to think deeply and creatively about some important social challenges Canada faces. Have them talk to whomever they think they should talk to. Get their input on the first couple of initiatives proposed above.

In other words, pay them to think and be creative! And to work outside the usual constraints and norms of traditional bureaucracy.

**Do some pilots on “better money”**

Take a hard look at some smarter and better ways of providing or encouraging financial support for social innovation. Examine what other countries are doing. Expand the “toolbox.” Try some new approaches on a pilot or experimental basis.

Better still – link this initiative to the first three. Have the proposed “Office” look at the issue. Have your “thinkers” think about it. Test some ideas in carrying out a “joined-up government” initiative

**Call a “summit” (or whatever) on social innovation, but only if you’re serious**

If the government thinks social innovation is important, if it believes that all sectors and actors have roles to play, if it is ready to do its part and show some leadership, then call and host a Summit on Social Innovation (or call it something else). Be “innovative” in how you do it, in how you organize it, in how you set it up for success, for real action. But do not do it if you are not serious, do not do it as an excuse for in-action!

**IT IS NOT JUST ABOUT WHAT GOVERNMENT SHOULD DO. ADVANCING SOCIAL INNOVATION IN CANADA RAISES CHALLENGES FOR US ALL**

Government can be an important player in promoting and encouraging social innovation. But government is not the only player.

The new impetus in social innovation and the trends and new ways of working that characterize its evolution in recent years are presenting all sectors of society not only with new opportunities but also with new challenges. For example, how can the philanthropic sector, hard hit by the recent economic crisis, provide financing in ways that foster innovation and embrace and support the “new generation” of social innovation that is emerging?

What about the private sector? Is its current interest in social innovation real or is it just self-interest, reflecting market and consumer trends? Will it last if the social or environmental dimensions of the “triple bottom line” end up diminishing, to any significant extent, the economic or “profit” dimension? Is the private sector prepared to enter into mutually respectful partnerships with the community sector and others, as true and “equal” partners, driven by more and other than market considerations?

And what about the nonprofit sector?
The nonprofit sector has long been in the forefront of social innovation in Canada. But social innovation has evolved, and the new models and approaches and new ways of doing things that have emerged are raising important questions for nonprofit and community organizations.

First, the new, more “business-like” practices and ways of acting may raise issues for some organizations, who may not see this as consistent with their social mission and ethos. It is also important to underline that these kinds of activities take time and effort, and investment of financial and human resources. Such activities may well not be appropriate, necessary, desirable, or even feasible, for all nonprofit organizations.

Second, the community-public-private partnerships, which appear to be defining the new model of social innovation that is evolving, can be complex and difficult to create and make work.

Can community and nonprofit organizations be ‘equal’ partners with business and government in social innovation endeavours? How do those kinds of partnerships get established, and what rules and legal and other frameworks should guide them? How does one determine responsibilities and accountabilities in this context?

Third, financing remains a problematic issue for nonprofits. This underscores, perhaps, a larger issue.

I have already noted some of the very real difficulties and hardships posed for nonprofit and community organizations by current government funding modalities. I have also made some suggestions about what government could do to better promote and support social innovation, including how it works with the nonprofit or community sector.

One could, indeed, envisage a new framework for funding arrangements between government and the nonprofit sector, recognizing the different relationships and roles that exist in different contexts. Situations where the mission and objectives pursued by nonprofit and community organizations are very close to the mandate of a government department, for example, require one sort of funding arrangements.

Where organizations deliver services on behalf of government, a different kind of arrangement for funding needs to be put in place. And if we are talking about social innovation and the role that nonprofit and community organizations can play in it, then perhaps we need to turn things “on their ear,” and see funding and financial arrangements from a different perspective. Perhaps, in this context, we should be talking not so much about funding for or to organizations, but instead about funding for and to the societal issue and challenge that we are trying to address through social innovation, recognizing that government, the private sector, and the nonprofit or community sector all have important but different roles to play. This brings us to the larger issue.

And the larger issue for the nonprofit sector, as Tim Brodhead argued so articulately in his article on innovation and the community sector that appeared in The Philanthropist
earlier this year, is how the sector sees itself, and how it is seen by others:

the community sector needs a new self-image, not just as the caring sector but as the creative sector.... It will not be taken seriously so long as it is identified by what it is not (non-governmental, not-for-profit), which conveys no sense of how it adds value to our lives, nor by the language of deprivation (helping people who are “vulnerable” or “under-privileged” or “falling through the cracks”). It does those things, of course, and they are important. But they are rooted in a concept of charity and resignation that do not reflect the dynamism of the community sector today, nor the hope and potential of what it can contribute tomorrow.

How those working in the sector conceive of its role, what it does and how it works, and articulate it to others actually goes a long way to determining what it can do (Brodhead, 2010, p. 23).

Frankly, I cannot see any major change in public funding modalities and supports for the nonprofit sector happening in the near future. It is not just about the current federal government and its orientations. I think the same would be true, at this point, of any government.

I cannot see major change until the vital role that the nonprofit or community sector can play in social innovation is better understood by all – including the sector itself. The sector must be seen and accepted as a crucial and indispensable partner with a unique role to play in social innovation. Although it may need support and funding, it must be seen as bringing to the table not-inconsiderable resources and assets of its own, and strengths that cannot be found anywhere else.

**CONCLUSION: MOVING FORWARD ON SOCIAL INNOVATION**

I know what I will say to my friend when we next have dinner together. I will tell him that social innovation is real. It is old. It is new. It is evolving, changing, and taking different directions and working in different ways, with new and different players.

Today, social innovation is more important for Canada and for Canadians than ever. In order to maximize its potential, we need as a country to find the best ways to encourage and support it.

And to do that we need to find new ways – all of us – of working together.
REFERENCES


