Understanding Social Innovation and the Need for Resiliency: The Volunteer and Non-Profit Sector

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Executive Summary

Social innovation is about new ideas or approaches that, when implemented, provide positive impacts for the public benefit. Often considered a by-product of success within the volunteer and non-profit sector, social innovation has gained popularity at a time when the terms social entrepreneurship, social enterprise, and social finance have become increasingly common in the ongoing discussion about how to best move forward. For many, this similarity in language is a source of confusion. The social entrepreneur is the individual at the forefront of making the social innovation a reality; these are the people who provide the leadership and vision that make everything else possible. Social enterprise and social finance initiatives both strive to establish sustainable long-term support for public benefit initiatives, particularly those coming from the volunteer and non-profit sector. Social enterprise and social finance also contribute to the resiliency of the volunteer and non-profit sector.

Resiliency is an important attribute for organizations seeking to support and foster social innovation. Resiliency in the volunteer and non-profit sector means having the capability to stabilize and adapt within a constantly changing operating environment. A resilient volunteer and non-profit sector will be able to adapt and innovate to confront changing demands or shifting resources, all while finding the space to foster creativity with the supports for later experimentation and implementation of new ideas or approaches.

This project has been driven by a mission to strengthen our understanding of the volunteer and non-profit sector as it uses social innovation to address complex problems. To achieve this mission, the goal of the report has been to provide a knowledge base with a complementary framework capable of informing policies conducive to social innovation in the volunteer and non-profit sector. Steps undertaken to support this goal have included an extensive literature review, a scan of relevant examples which support social innovation, and a series of interviews with community leaders and public servants.

The report’s conceptual framework is a visualization of how social innovation relates to the fields of social entrepreneurship, social enterprise, social finance, and the concept of resiliency. This visualization also serves as the basis for how the literature review is organized, and it introduces the idea of resiliency apps. Resiliency apps are those behaviours, actions, tools, movements, or methods capable of strengthening resiliency to a point where organizations achieve the stability to pursue opportunities that may result in social innovation. Both social enterprise and social finance are recognized as resiliency apps. Demonstrating value with evaluation is another resiliency app of great importance, although if not properly understood and employed it can become a hindrance that works against social innovation.

Important on-the-ground perspectives of the challenges and opportunities surrounding social innovation and the volunteer and non-profit sector were gathered through the interviews. The value of these interviews flow from the input they have provided, which the secondary research lacked. Some conclusions that were raised during the interviews, many more than once and from individuals both within government and from the volunteer and non-profit sector, are:

- Understanding of what social innovation entails, how it is tied to innovation policy overall, and what the impact of the volunteer and non-profit sector is on our society.
The understandably risk averse nature of government and other organizations that avail of public funding needs to be appreciated.

The ill-defined nature of social innovation opens it for potential abuse.

Confronting social issues requires long-term thinking and a commitment that historically is difficult to obtain.

The relevance of social innovation too many organizations in the volunteer and non-profit sector is a concern.

Concerns about how both government and the sector\textsuperscript{1} use and understand evaluation remain a challenge. Increasing calls for accountability have the potential to create an environment that dampens or stifles innovation early in development. It is also believed that we need to ensure that the volunteer and non-profit sector can effectively demonstrate its value.

Future support for social innovation will likely come from numerous sources; for this reason, the report presents a framework for social innovation in the volunteer and non-profit sector. The framework is intended to provide a vision capable of heading off the possibility that a patchwork set of responses will develop that pays little attention to the dynamics of social innovation or the volunteer and non-profit sector.

**A Framework for Social Innovation in the Volunteer and Non-Profit Sector:**

**Resiliency** strengthens the foundations of the volunteer and non-profit sector, creates stability, and fosters conditions favourable to unleashing the creative and entrepreneurial instincts of our social entrepreneurs.

**Innovation Policy** across government needs to be cohesive; there should not be competing streams that create the risks of splitting all forms of innovation distinctly, or mistaking support for one form of innovation as support for all forms of innovation.

**Awareness and In-Line Expectations** will disperse the misunderstandings capable of frustrating efforts to advance both social innovation and the resiliency of the volunteer and non-profit sector.

**Facilitative Regulatory and Policy Environment** assures the volunteer and non-profit sector that it is moving forward within a jurisdiction wishing to embrace the sector while providing it with effective regulation and policies that protect all stakeholders without inhibiting social innovation.

**Healthy Collaboration by All** is essential to the success of the volunteer and non-profit sector and the social innovation process.

\textsuperscript{1} The volunteer and non-profit sector is regularly referred as simply ‘the sector’ at many points throughout this report.
Initiating the framework will require recognizing it for what it is: a common vision. Supporting and fostering social innovation will require work across, and within, all sectors.

Collaboration, consultation, and networking are all critical, given the importance of interaction not only for supporting and fostering social innovation, but also to the very process of social innovation. An important distinction of social innovation is that its outcomes are strongly influenced, if not determined, by the relationship between the service user and the service provider. Dialogue from front line staff to decision makers, whether they are within the organization, an outside funder or policymaker, has strategic importance if awareness and expectations are to be in-line with the realities being dealt with on the ground.

Finding the means to encourage healthy collaboration can achieve higher levels of awareness, which translates into better expectations for demonstrating value and understanding the outcomes of the volunteer and non-profit sector. Both increased collaboration and awareness together are capable of setting the stage for policymakers and the public to recognize the importance of having a facilitative regulatory and policy environment for the sector. Increased collaboration and awareness can also help bridge the divide that is often witnessed between social and economic policy, and in the process this positions us to better structure how innovation policy is developed. Bringing social innovation and a stronger knowledge of how the volunteer and non-profit sector can demonstrate value will make innovation policy more inclusive and allow it to reflect more accurately the needs of our society. After all of those pieces, we are left with the first piece of the framework: resiliency.

If we work to achieve healthy collaboration, stronger awareness and in-line expectations, a facilitative regulatory and policy environment, and an innovation policy that is conducive to social innovation, efforts to build a resilient volunteer and non-profit sector will have been made. Such resiliency will create the space required for creativity to be fostered, just as it will support independent risk-taking. At this point, opportunities for supporting and fostering social innovation will begin to arise; we just need to get there.
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1.0 Introduction

Social innovation is about new ideas or approaches that, when implemented, provide positive impacts for the public benefit.

This statement is the working definition for social innovation used in this report; it is unlikely that it will capture all aspects that others have emphasized, but it has two important characteristics: it is short and direct. The theme positive impact for the public benefit is found throughout the broader discussion on social innovation, and it is this distinction that most often separates social innovation from other forms of innovation.

When a new idea or approach succeeds and achieves a public benefit in the process, it will be considered a social innovation. Along the way, however, there is considerable space for confusion, as individuals encounter numerous similar terms including social entrepreneur, social enterprise, and social finance. The social entrepreneur is the individual who is at the forefront of making the social innovation a reality; these are the people who provide the leadership and vision that make everything else possible. Social enterprise and social finance initiatives both strive to establish sustainable long-term supports for public benefit initiatives, particularly those coming from the volunteer and non-profit sector. This sustainability will allow the individuals and organizations involved the opportunity to think beyond their short-term challenges and to withstand any sudden change that would otherwise be a crisis. Opportunities to pursue new ideas and approaches can be pursued more often; social entrepreneurs will increasingly find outlets capable of channelling their energy in a productive fashion without being frustrated by roadblocks.

Sustainable development and growth options for the volunteer and non-profit sector will lead to a level of resiliency that was previously difficult to achieve. Resiliency in the volunteer and non-profit sector means having the capability to stabilize and adapt within a constantly changing operating environment. The sector should not necessarily be focused upon innovation for the sake of innovation; after all, good work is still good work. Achieving resiliency, though, will allow organizations and individuals to adapt (innovate) in the face of changing demands or shifting resources. Resiliency is also critically important to social innovation, in that it can create the space for fostering creativity while offering some supports for eventual experimentation and implementation of new social innovations.

This report will present a conceptual framework communicating how social innovation and the other aforementioned concepts relate to one another. The conceptual framework is also used to structure how information is presented within this report as it builds a knowledge base around social innovation and related concepts for use in moving forward. The findings of the report’s research will inform the development of a framework for social innovation.

A framework for social innovation would ensure that efforts to build resiliency and capacity within the volunteer and non-profit sector are developed from a unified perspective that recognizes the contributions and value of the various movements that are active within the sector. A framework for social innovation will help those engaged name and recognize the conditions required for innovation within the volunteer and non-profit sector.
1.1 Mission, Goal, and Objectives

To guide the direction of this report and its outcomes, a project mission, goal, primary objective, and secondary objectives have been established (See Figure 1: Mission, Goal, and Objectives). The project mission is to understand and communicate the role of the volunteer and non-profit sector as it uses social innovation to address complex problems, and what can be done to support the sector as it continues this work.

The goal of this report is for it to serve as a knowledge base with a complementary framework capable of informing policies conducive to social innovation in the volunteer and non-profit sector. This report may serve as a first step towards pursuing an effective dialogue with concerned stakeholders on social innovation. The primary objective of presenting a knowledge source and an accompanying framework for social innovation in the volunteer and non-profit sector is to support the report’s stated goal.

The first of the secondary objectives will provide clarification of terms and concepts in the area of social innovation, and will confront some of the confusion that exists when dealing with policies for the volunteer and non-profit sector. The next objective of providing a knowledge base will not only guide the development of the framework, but also become a general knowledge source on the area of social innovation in the volunteer and non-profit sector. The knowledge base will be informed by an extensive literature review, a scan of relevant examples that showcase how to support social innovation, and finally through the guidance and input taken from interviews with key informants.
2.0 Methodology

At the start of this project, much of the focus was on defining social innovation as a clearly structured concept, while also doing the same for the other related concepts in the “social” field. All of these concepts – social innovation, social enterprise, and social entrepreneurship – complement one another, and as such it is helpful if a wider perspective is adopted when approaching these ideas, while avoiding the pitfall of seeking to focus on and understand just one of these at the expense of appreciating the broader picture.

While social enterprise, social entrepreneurship, and other popular terms will be presented and discussed within this report, the focus is to work towards a framework for social innovation in the volunteer and non-profit sector. The intention behind this approach is to provide a comprehensive overview of how social innovation can be understood within the context of the volunteer and non-profit sector, where methods to increase resiliency are critical in creating space for innovation within the sector.

Although not intentional, the research and views presented have been influenced by the participant observer effect. Participant observation occurs when a researcher is immersed in the social setting or dynamics that are being studied; this effect happened as a result of the researcher’s employment and work duties with the Government of Newfoundland and Labrador’s Voluntary and Non-Profit Secretariat (VNPS). During employment with VNPS, issues tied to social innovation and the sector have been worked on and discussed regularly. This report, for instance, has built off the researcher’s experience from organizing the 2010 Community Priorities Summit, where further work on social innovation was made a goal by the community representatives in attendance. Further exposure to social innovation and the many other areas which this report discusses – particularly social enterprise, social finance, and demonstrating value – have been part of the researcher’s employment with VNPS. By indirectly assuming a participant observer role that in hindsight is apparent, the researcher developed a critical insight and understanding into the perspectives of various stakeholders in this area.

The background section will introduce the reader to the volunteer and non-profit sector, and the changing context within which it operates. This changing context provides an introduction to traditional attitudes surrounding support for innovation, and how these attitudes will require some rethinking in light of the volunteer and non-profit sector and social innovation, which operates and produces outcomes in an operating environment unique from that found within scientific or private sector innovation.

The conceptual framework was designed to communicate the relationship between social innovation and other important concepts covered within this report. The conceptual framework communicates the importance of strengthening resiliency within the volunteer and non-profit sector.

The section describing the potential of social innovation provides a brief overview of the Roots of Empathy organization. This section will provide the reader with some understanding of social innovation in action, and what it means for an organization to carry out the role of supporting and scaling up a new social innovation.
The literature review is critical to understanding how social innovation and other similar concepts are connected. This review will present the established work in the field with the goal of providing a comprehensive understanding behind the concepts presented in this report. The literature review is split into three sections:

- First, the concepts of social innovation, resiliency, and social entrepreneurship are reviewed to provide the reader with a base point to appreciate how these concepts interact and reinforce each other within the volunteer and non-profit sector.

- Second, the process of social innovation is explored, providing different perspectives drawn from the literature capable of enhancing the reader’s background and supplementing efforts to understand innovation in the volunteer and non-profit sector.

- The final portion of the literature review examines how to support and foster social innovation in the sector; this involves giving special attention to the resiliency apps of social enterprise, social finance, and demonstrating value.

The scan of resiliency apps provides a targeted overview of some approaches that support social innovation elsewhere. By focusing on the development of different resiliency apps capable of staging social innovation, this scan will provide guidance on areas for potential exploration. Further, the scan will give the reader some perspective on how resiliency apps have been drawn upon elsewhere to help facilitate environments that are conducive to social innovation.

In total, ten informal interviews were undertaken, five with provincial public servants and five with leaders from Newfoundland and Labrador’s volunteer and non-profit sector. These interviews are meant to guide the final report and provide inputs and perspectives that the secondary research cannot achieve. The intention of the interviews was to flush out concerns or opportunities tied to social innovation that cannot be found in the literature. Anonymity was promised at the outset of these interviews as a means to provide an open atmosphere for genuine commentary and discourse. Due to the small population and tight-knit nature of Newfoundland and Labrador’s provincial government and its volunteer and non-profit sector, both the positions and affiliated organizations of those interviewed will remain confidential.

The discussion section will provide an overall analysis of the findings and serve as an opportunity to highlight any important issues that deserve attention. Implications of the findings and how they link back into the conceptual framework diagram will be presented here as a means to summarize the report’s work.

Building from the findings and discussion sections, a framework for social innovation will be presented to provide the client with a guide to moving forward with social innovation. The framework will be developed with consideration given to the report’s findings and the understanding that its development will serve to inform discussions around social innovation in the volunteer and non-profit sector.

There are two potential limitations of this report. The first is the focus on the volunteer and non-profit sector. Social innovation may occur in any sector, including the private and public sectors. While there are certainly lessons to be learned from experiences in the private sector and
elsewhere, the focus of this report will remain committed to discussing how to support and foster social innovation within the volunteer and non-profit sector.

The second limitation of this report concerns the shortage of timely data on Newfoundland and Labrador’s volunteer and non-profit sector. While this prevents the report from providing any significant projections on what the provincial sector comprises, considerations have been incorporated into the project to counter this limitation. This report is focused upon providing the client, the Voluntary and Non-Profit Secretariat of the Government of Newfoundland and Labrador, with a document that supports efforts to explore and understand social innovation within the volunteer and non-profit sector. The justification for stopping at the point of developing a framework for social innovation within this report instead of developing a “strategy” also serves to reinforce this point; as with other initiatives and strategies undertaken in recent years, some form of broad dialogue or consultation will be needed to move beyond the planning stage. This report and its framework will provide a guide to advance future discussions within government and the volunteer and non-profit sector on social innovation.

3.0 Background

This background section concentrates first on discussing innovation and how it has been traditionally understood and supported in the past. Second, the focus shifts to the volunteer and non-profit sector to showcase how it has changed, its strengths, and some likely change drivers as it moves forward. Flowing from this, the background section turns to the question of why a framework for social innovation in the volunteer and non-profit sector is desirable.

3.1 Innovation

Innovation and innovative practices are traditionally associated with technology or business. This affiliation has very much affected the understanding and associations many people make regarding innovation, particularly from a public policy perspective. Creating economies that facilitate and encourage innovation has very much become a preoccupation of governments across all jurisdictions as they hope to become home to the next Google or IKEA success story. Such behaviour is driven out of a desire to strive for constant economic growth and competitiveness. Other areas that have benefited from efforts to foster innovation include medicine and science. Taken from another perspective, innovation in the business world may simply mean the re-imagining of how a good or service is delivered, with an eye towards improving efficiency, lowering cost, or otherwise making previous methods appear obsolete by placing them at a competitive disadvantage. Our traditional understanding and support for innovation has also created expectations that make us ill-equipped to discuss social innovations that address the complex problems commonly confronted by the volunteer and non-profit sector.

Discussions of innovation in the scientific and business communities, for instance, have commonly focused upon achieving outcomes that are very tangible or can at the very least be measured, understood, and communicated with ease to demonstrate the value of their successful implementation. Moreover, when a business practice is refined, a product or service created, or a challenging scientific or engineering feat completed once, it can almost certainly be replicated. The actual innovation was simply getting the recipe right; from there it all depends upon ensuring that the right resources and knowledge are available and in place for future needs.
Social innovations, by contrast, have to account for interactions with independently minded individuals and groups, making replication difficult and more focused upon localized, bottom-up solutions where the client or service user has a very significant impact upon any potential outcome, and ultimately any success. Social innovations are concerned with managing people, relationships, and social outcomes, which add a different layer of complexity to innovation.

Social innovations also differ greatly from advances in other areas because of the frequent long-run and what-if nature of their outcomes. Unlike business or technological innovations that result in more efficient production methods or a more accurate internet search engine, social innovation outcomes can be notoriously difficult to quantify or even understand in a cause and effect manner. Building trust in qualitative or value laden outcomes is important for social innovation.

In a social enterprise teaching challenged youth in the basics of operating a small enterprise with direct employment, the subtleties of customer service or the importance of building trusting business relationships with suppliers and distributors will likely have very limited definable outcomes over the short-term. The real successes of the social enterprise’s employment strategy will not be observable until after a few years of initial operation when some of the youth that were first engaged by the organization may be observed after they have moved on with their lives. In the long-run, it is hoped that these young people will have benefitted from their experiences working with the social enterprise, and have pursued actions to improve their own lives. However, reaching such an outcome depends on the actions and influences of numerous individuals who do not necessarily make decisions based on rational outcomes, and instead have to realize that emotional and social considerations, among others, may come into play. The opportunities for numerous what-if scenarios to occur as any individual strives towards a positive future can be endless; yet the reliance upon intangible outcomes provides an opportunity for critics to suggest that such programs lack definitive outcomes, while ignoring the real contribution of the social enterprise to provide the youth with an alternative. This alternative – a stable and legitimate source of income while learning new skills and forming new relationships – provides the choice to move towards a different lifestyle over the long-run. This one scenario speaks to the challenges that social innovations confront when looking to communicate their value back to society.

Support for social innovation will mean relentlessly working towards an always more resilient volunteer and non-profit sector. This direction is similar to what has been pursued for the private sector, as policies were sought that encouraged growth and competitiveness while also making space for innovation. The volunteer and non-profit sector is very capable of being entrepreneurial, yet there remains its ever present challenge of capacity. Many organizations devote much of their resources, talent, and skills to daily tasks when increasing resiliency means finding that space for the sector to reflect upon its own challenges. Opportunities for reflection can provide that initial spur of thought which leads to new social innovations. It would be unreasonable to believe that successful innovations can spontaneously occur; support for innovation should be directed towards building those elements which encourage advances in resiliency and, in turn, capacity. A volunteer and non-profit sector that facilitates the fostering of innovative and entrepreneurial responses will support social innovation and create the space for the sector to meet both its current and foreseeable needs.
3.2 The Volunteer and Non-Profit Sector

It is difficult to talk about the volunteer and non-profit sector simply because of the diversity that the term entails. It includes organizations involved in activities as diverse as recreation and faith to those promoting tourism or combating poverty. The traditional view of the sector is that of a charity: a single purposed organization that has charged itself with righting some wrong in society such as hunger or inadequate access to medicine. This is increasingly dated and misses the incredible scope of activities that the volunteer and non-profit sector undertakes as it strives towards sustainable financing while working to confront the roots of social and economic problems, not just treating symptoms. Terms such as innovation and entrepreneurialism are now common language within the sector, and this has resulted in a need to rethink some old frameworks. Boundaries continue to be blurred between the traditional business and non-profit models with the growing social enterprise movement. Social enterprises, while generating revenues through the sale of goods or services, prioritize a public benefit mission ahead of any desire for profit; in fact, excess profits are often primarily kept within the organization to finance its mission, and are not distributed for significant private gain.

Despite these changes, the volunteer and non-profit sector still remains focused on taking care of our society, and this is often done by ensuring that those who are potentially the most vulnerable have their needs cared for and defended. Tim Brodhead, when commenting upon the sector’s need for a new vision during an interview, discussed the need for one that is both caring and creative:

“We need a society that is both caring, that is, nurturing, generous, and inclusive, and also creative, that is, enterprising, innovative, and focused on solutions. We need to attend to the needs of the vulnerable but not devote all our energy to addressing symptoms while overlooking underlying causes.” (Policy Research Initiative, 2010, p. 1)

This statement describes a volunteer and non-profit sector that continues as the Good Samaritan: always willing to help and lend a hand, yet also stepping forward as a force of innovation and creativity for solutions to challenges both old and new.

As the volunteer and non-profit sector expands, it has unique strengths that will help to underline its ability to push forward with social innovation and to address society’s complex problems. A summary workshop report on roundtables held by the Government of Canada provided a succinct list that, while certainly not exclusive, provides an indication of the sector’s perceived strengths:

- The dedication of the sector’s paid and unpaid workforce cannot be overlooked. These are the individuals who motivate and push their organizations forward, as they use their energy to propel the sector’s efforts in the vast range of activities with which it is engaged.

- There is a perceived level of trust among Canadians regarding the volunteer and non-profit sector that is considered greater than that held by either business or government.
• Compared to governments which often struggle to provide localized responses to social and economic problems, the sector can be especially attuned to local realities and may identify needs more quickly than other players with their local perspective. For governments, this makes the sector an especially strategic partner, given the importance of identifying challenges as early as possible.

• The sector is resilient and adaptive in the face of change(s).

• The sector is considered to be very entrepreneurial and capable of managing inter-sector collaborations alongside business and government.

• The sector was considered to have a longer corporate memory than that held by governments in dealing with the social, economic, and environmental challenges it faces. (Policy Research Initiative, March 2010)

These six strengths represent the views of participants in roundtable sessions composed of representatives from both government and the volunteer and non-profit sector. They were seen as contributing to efforts for fostering social innovations to tackle complex problems.

There are various known change drivers that will influence not only how the volunteer and non-profit sector carries out its work in the coming years, but also the challenges and issues that it will have to confront (Brodhead, 2010; Policy Research Initiative, March 2010). Some of these challenges and issues are:

• **Demographics**: Our society is getting older, more culturally diverse, and increasingly urbanised. Demographics influence what services are demanded; an aging population, for instance, will mean an increased need to confront social isolation, particularly amongst those seniors who face mobility challenges. Another demand is the need for more age-friendly housing, especially for those on low or fixed incomes.

• **Economy**: The ongoing economic crisis will certainly create funding challenges for the sector, as governments confront ongoing deficit and debt concerns while the private sector continues to reclaim stable footing within a changing economy. Fallout from the economic crisis will likely continue to be felt for some time as government cutbacks take place, affecting available services alongside the social impacts of unemployment and lost jobs.

• **Accountability**: Increasingly calls for accountability across our society have played out within the sector as reporting and evaluation demands are tied to funding opportunities.

• **Blurring of Boundaries**: The blurring of boundaries continues to present changes within the volunteer and non-profit sector, particularly in the form of social enterprises where our traditional understanding of charity and business activities are mixed as part of an effort to stabilize finances destined for public benefit initiatives.

• **Public Engagement**: There is a growing expectation amongst citizens to be included and informed in the policy process and not just told what is going to happen. This last change
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driver is important for both the sector and government, particularly with regard to matters that will have an impact at the community level where unique considerations and dynamics are at play across the board.

These five change drivers reflect the constantly shifting environment of the volunteer and non-profit sector. They will continue to heavily influence the demands that are placed upon the sector, while economic concerns will impact available resources. As the sector moves forward in dealing with these changes, the continual blurring of boundaries between the business and non-profit worlds will likely accelerate as social entrepreneurs strive to create solutions that are both effective and sustainable. When confronting new challenges and a continually changing environment, the need for strong, resilient organizations only grows stronger. Social innovation will factor into creating a more sustainable volunteer and non-profit sector, as well as creating long-term solutions for challenges on the horizon.

3.3 Why We Need a Framework for Social Innovation

In developing an approach to strengthen the volunteer and non-profit sector’s ability to produce social innovations or to scale-up existing innovations for greater impact, a framework can guide discussions. Strengthening social innovation crosses a diversity of areas, making a singular approach inadequate. A framework is comparable to a strategic plan that recognizes the value of the different areas such as resiliency or awareness while bringing them together through the common theme of social innovation. There currently exists a great deal of confusion amongst the broader public and policymakers regarding social innovation and what it entails, which needs to be addressed. The increased use of terms such as social enterprise, social entrepreneur, and social finance have led to a situation where numerous movements are influencing the conversation and creating the confusion. It is a positive sign that movements have developed behind social enterprise and social finance, and that the notion of a social entrepreneur is increasingly understood by those outside the volunteer and non-profit sector. The challenge is to ensure that the broader dynamics of the volunteer and non-profit sector are understood, and that these various movements link back to creating the opportunity for social innovation to occur. This report seeks to address this challenge.

Going forward, a framework can serve as the reference point that prevents the scenario of a patchwork set of responses. For instance, multiple uncoordinated responses from different departments can send mixed signals from government to the sector. The framework will be loose enough to recognize that both community and government need to go forward together in developing a shared knowledge on social innovation, and what supporting it means for the volunteer and non-profit sector. There is some hesitance around the potentially knee-jerk reaction to move towards a strategy for social innovation before this field is better understood, and it is hoped that the framework approach could eventually assist stakeholders in the future. The term “strategy” provides the impression that this is a problem for which an action may be deployed, executed, and evaluated, allowing stakeholders to eventually move on to another issue. Social innovation really involves understanding the volunteer and non-profit sector in a light that has rarely been considered. In many ways, successfully taking the social innovation concept into mainstream awareness through education and organizational culture change will have to occur if we are going to witness progress. The framework approach has been identified as the best means
to accomplish this, given its flexibility and openness to eventually move towards more directed approaches in the future.

4.0 Conceptual Framework

Social innovation is not a stand-alone concept isolated onto itself within the context of the volunteer and non-profit sector. To best understand how to support and foster social innovation within the sector, other important concepts need to be brought into the discussion: social entrepreneurship, social enterprise, and social finance. Social entrepreneurship focuses on the individual who drives a new social innovation. Both social enterprise and social finance, though, create resiliency within the sector which in turn helps to support and foster social innovation. In the broader volunteer and non-profit sector, all of these terms have found increasing usage. This has lead to a situation where the meanings of these terms have become intermingled and little effort has been made to clarify how these new approaches relate back to social innovation and to each other.

The conceptual framework (Figure 2: Conceptual Framework) presents social innovation and its relationship with social entrepreneurs and resiliency in the volunteer and non-profit sector. How each of these areas connects and strengthens one another is shown in the conceptual framework. To understand the role of social enterprise and social finance, as well as other approaches such as shared space or strategic planning, the concept of resiliency apps has been created.

Social entrepreneurs are critical to social innovation. These are the leaders who champion new innovations, allowing them to become a reality. It is critical to recognize and support these individuals as they take the leadership roles necessary to implement social innovations that create impact.

While researching the existing literature, the importance of resiliency as a means to create space for innovation within the volunteer and non-profit sector became clear. What is often missed during discussions on social innovation is the need to reinforce the foundations of the sector, to allow organizations more stability in their current operations so they may have the time and resources to innovate. Resiliency within the volunteer and non-profit sector means having the capability to stabilize and adapt within a constantly changing operating environment, while creating the opportunity to more easily foresee and absorb any shocks against stability.

Resiliency within the sector is achieved with the implementation of resiliency apps. Resiliency apps refer to the supports that can strengthen the sector as it pushes forward, while creating opportunities for innovation along the way. Resiliency apps are those behaviours, actions, tools, movements, or methods capable of strengthening resiliency to a point that organizations become more stable and, with that increased stability, achieve the opportunities and competencies that enable social innovation. It is important to recognize that the resiliency apps displayed in the conceptual framework do not constitute an exhaustive list.

The various relationships between social innovation, social entrepreneurs, and resiliency are displayed to communicate how these pieces all fall within a shared system. The intention behind
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**Figure 2: Conceptual Framework**

**Social Innovation**
New ideas or approaches that, when implemented, provide positive impacts for the public benefit

- A resilient volunteer and non-profit sector is supportive of new innovations
- New innovations can reinforce or build resiliency and become new resiliency apps
- New innovations may be adopted by entrepreneurs for implementation

**Social Entrepreneurs**
- May be the source for new social innovations or may seek out and implement innovations for problems in their communities

- Social entrepreneurs recognize problems (demand) in society, and they work to identify or create solutions (supply) to provide for the problem.
- Social entrepreneurs share many of the same personality traits business entrepreneurs are known for when working to solve a problem or managing an organization.
- All entrepreneurs are willing to take risks; if failures occur, they are more likely to be viewed as valuable learning experiences.

**Resiliency in the Volunteer and Non-Profit Sector**
- Resiliency in the volunteer and non-profit sector means having the capability to stabilize and adapt within a constantly changing operating environment. Any shocks against stability can then be more easily foreseen and absorbed.
- Resilient organizations can readily adopt or pursue innovative new ideas and approaches. Resiliency Apps, while serving to increase resiliency, result in the reinforcement of stability within individual organizations and the broader sector. This stability allows innovators and entrepreneurs alike to more easily pursue new ideas and approaches, creating an environment conducive to social innovation.

- Entrepreneurs offer greater resiliency to the sector
- A resilient sector is more supportive of entrepreneurialism

**Resiliency Apps for Supporting and Fostering Social Innovation**

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<tr>
<th>Social Enterprise</th>
<th>Social Finance</th>
<th>Demonstrating Value</th>
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<tr>
<td>Willingness for Risk Taking</td>
<td>Collaboration/Partnerships</td>
<td>Volunteerism</td>
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<td>Facilitative Regulatory Frameworks</td>
<td>Shared Spaces/Resources</td>
<td>Strategic Planning</td>
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<td>Etc.</td>
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*This list is (i) directed towards the volunteer and non-profit sector, (ii) not exclusive, and (iii) the importance of the “apps” varies, depending on local operating environments.*
developing this conceptual framework is to provide the needed basis for structuring the report’s literature review, and to provide the users of this report with a starting point for how they may begin understanding innovation within the sector. It also clarifies the newer terms and concepts relative to each other. This conceptual framework can help move the discussion forward within the public service and the broader community by engaging and linking the various dynamic new movements that have arisen in recent years, all of which seek, in some manner, to strengthen the volunteer and non-profit sector.

5.0 The Potential of Social Innovation – Roots of Empathy

On its surface, the idea of simply bringing a baby into a classroom for children to observe and interact with may appear to be a somewhat frivolous exercise. Critics would be quick to make the claim that this exercise is a distraction from the children’s learning and should be discarded. But if they looked a little deeper, they would quickly learn about a program that has developed goals which seek to tackle the development of empathy and emotional literacy, reducing bullying, aggression, and violence, promoting pro-social behaviour amongst children, increasing knowledge of human development and learning, as well as preparing students for responsible citizenship and parenting. These goals have all grown from the initial observations by Roots of Empathy founder Mary Gordon that children without a strong parental relationship often suffer from a lack of empathy which, in turn, can manifest itself negatively as the child grows and learns to interact with their peers (Social Innovation Generation [SiG]).

Before establishing Roots of Empathy in 1996, Mary Gordon had created Canada’s first Parenting and Family Literacy Centers, where she encountered many single mothers coming from abusive backgrounds. During her work, Mary observed that many of these mothers all too often never realized the emotional abuse their children had been experiencing. This left the children unable to identify with another person’s feelings; this lack of empathy creates a situation where the child not only has difficulties forming and maintaining positive social relationships, but also increases the likelihood of antisocial behaviour and attitudes. The Social Innovation Generation, a national collaboration working across Canada to address social and ecological challenges, had this to say about the Roots of Empathy program:

“Roots of Empathy is trying to break intergenerational cycles of violence. Empathy is at the core of all pro-social behaviour. The absence of empathy is at the core of all anti-social behaviour.” (p. 2)

The success of the Roots of Empathy program hinges upon the presence of a trained instructor who visits the classroom both the week before and after the visit by the parent with their child. The instructor, who is also present during the infant and parent’s visit, helps guide the students as they observe and discuss the infant’s interactions with the class and the parent, all the while strengthening their own emotional literacy as they interpret what the infant is communicating and feeling. The program also benefits the parent and the infant as their own connection is strengthened in the process, and as the parent learns from both the Roots of Empathy instructor and the classroom experience of how to respond to their infant’s needs.
The success of the Roots of Empathy program has led to its growth in English and French Canada, New Zealand, the United States, the Isle of Man, the Republic of Ireland, Northern Ireland, Scotland, and Germany. The growth and sustainability of the program hinges upon the number of trained and active instructors, each of whom receive in-depth training and eventual certification.

Roots of Empathy faces challenges similar to other organizations as they seek to maintain their operations and simultaneously grow. The ability of Roots of Empathy to sustain and scale up its operations, and in effect its impact, very much depends upon the number of active instructors who guide the students and participating parent and child through the program. These individuals require organizational and planning supports, as well as access to mentorship, which is considered to be crucial. As is the case with other organizations, financing can be challenging and may at times weaken due to shifting economic circumstances.

A significant challenge faced by Roots of Empathy (2012) has been the organization’s ability, or lack thereof, to demonstrate its value. Mirroring an all too common challenge for social innovations that often result in complex and intangible outcomes, Roots of Empathy confronted this problem early and directly. Initial studies conducted internally and externally on the Roots of Empathy program have communicated success by identifying a reduction in violent and aggressive behaviour through the teaching of emotional literacy; a study from 2001 using a control group of children who did not participate in the Roots of Empathy program indicated that those children displayed a predictable rise in aggression, while their peers who had been through the program demonstrated decreased levels of aggression.

When Mary Gordon first recognized the lack of emotional literacy amongst young children from troubled backgrounds, she saw a systemic problem and an avenue to address it that had previously gone unexplored. The challenges Roots of Empathy faces are typical to any volunteer and non-profit organization seeking to scale up and promote a new social innovation, and where establishing resiliency becomes critical. As Roots of Empathy has grown and built upon its initial successes, while learning and demonstrating value along the way, it has become more resilient; this resiliency in turn complements the organization’s desire to expand the program’s reach and, ultimately, its impact. With its unique approach and desire to achieve long-term impact, Roots of Empathy has showcased itself as a prime example of the potential of social innovation.

6.0 Literature Review
This literature review will concentrate on the concepts and terms found throughout the literature, and show how they relate to each other. The literature review is divided into three sections:

- Social Innovation, Resiliency, and Social Entrepreneurship
- Exploring the Social Innovation Process
- Supporting and Fostering Social Innovation
6.1 Social Innovation, Resiliency, and Social Entrepreneurship

Social innovation continues to establish itself as an area of interest for sector advocates and representatives. Moving towards a volunteer and non-profit sector that is capable of nurturing and supporting social innovation requires the presence of both resiliency and social entrepreneurship. This section of the literature review covers social innovation and then focuses upon resiliency and social entrepreneurship, to show how those areas further social innovation in the volunteer and non-profit sector.

6.1.1 Social Innovation

The definition of social innovation adopted for this report, “new ideas or approaches that, when implemented, provide positive impacts for the public benefit,” reflects definitions found throughout the literature. Similar to other terms which encompass a broad area of activity, including innovation itself, no one definition for social innovation exists. A collection of definitions found throughout the literature is available in Appendix 1: Definitions of Social Innovation. Each of these have similar themes surrounding new ideas or processes being used to confront entrenched social problems; some point to the potential realization of a systemic change in attitudes overall, as people reconsider long-held beliefs regarding complex problems.

It is interesting to note that as Geoff Mulgan (Spring 2006) has observed, the actual practice of social innovation, at least as an identifiable field, remains at the point where science was a century ago. Over time, science was eventually supported with public funding, by universities, and through research and development in general. Mulgan says it is clear today that we live with the results of the scientific revolution. A century ago science started to progress steadily given the impact that new discoveries were having on expanding economies with advances in communications, transportation, and consumer products. Social innovations seek to address many of today’s greatest challenges such as education, climate change, or health, and may yet, as Mulgan asserts, pass through a revolution similar to what scientific innovation experienced in the 20th century.

Understanding the role of complex problems is critical to gaining an appreciation of what the term social innovation refers to, and how it may be differentiated from other forms of innovation. Westley, Zimmerman, and Patton (2007) approached this by describing three types of problems of varying difficulty, each having their own unique characteristics. The first is referred to as a simple problem such as baking a cake, which can easily be solved given a well-tested recipe and directions that can be carried out fairly easily with the right resources and adherence to that recipe. The second is referred to as a complicated problem, such as sending a rocket to the moon. Developing and launching a rocket capable of achieving this feat requires specialist knowledge and resources, and a great deal of experimentation before a confident plan can be in place. While many initial failures may occur as the different specialists engaged in the project modify their areas of concern, after initial success their capability to repeat the task becomes far easier. The third is referred to as a complex problem, such as raising a child. Given the uniqueness of each child, regardless of the number of books read or previous children raised, Westley, et al. reflected that no parent can be assured of success with any individual child. Children have minds of their own, and are each exposed to their own unique environmental conditions. Westley, et al. made the important distinction that, when dealing with children, a parent’s “interventions are always interactions” (p.10). This phrase is especially striking when one considers how baking a
cake or launching a rocket involves a series of interventions to move towards a finalized process. By contrast, the task of parenting always involves a series of interactions between the parent and child that eventually creates a series of outcomes that will inevitably be influenced by other factors, and is a long-term proposition.

Taken from another perspective, the complex problems that social innovations address have also been commonly referred to as wicked problems. Bob Gardner (2011) of the Wellesley Institute discussed wicked problems and their connection to comprehensive community initiatives in the paper Comprehensive Community Initiatives: Promising Directions for ‘Wicked’ Problems submitted to the Government of Canada’s Policy Research Initiative. Gardner referred to poverty, health inequalities, and concentrated forms of social disadvantage and exclusion as being persistent challenges found within Canada. Such problems are considered to have deeply rooted, complex social and economic drivers which lead to their persistence within societies. Gardner characterizes these as wicked problems and presented the three points below to describe them:

“They are classic ‘wicked’ policy problems because:

- they cannot be ‘solved’ with a program here or an investment there, but require interventions by multiple actors – including, but not limited to, public policies – over the long term;

- there is little agreement within policy circles on the most effective solutions, and limited evidence or predictability about the impact of interventions; and

- the longer-term impact and implications of any policy response are uncertain and dynamic.” (p.1)

Both Gardner and Westley, et al., despite using different terminology, are referring to the same type of problem; however, Gardner’s comments were directed towards policy analysts as a specific audience. Gardner mentioned that policy analysts should not think of these problems as being too complex to handle, and pointed towards the need for appropriate models of thinking, in addition to a need for both strategic investment and service interventions. Unlike Westley, et al., Gardner does not use his overview of complex problems to frame a discussion on social innovation, nor does he consider the role of interventions as opposed to interactions, or how they place a problem type into a certain context.

Much of the value of Gardner’s commentary rests with his description of wicked problems. The first point recognizes that these problems cannot be “solved” with one initiative, and that multiple stakeholders have to become engaged with planning oriented towards long-term goals. Second, it is recognized that there can be varying opinions on appropriate courses of action, while also identifying the importance of demonstrating the value of the impact created. Third, Gardner points out the inherent uncertainty over the long run of policy responses to these types of problems.

To further illustrate the presence of complex problems in our society and the challenges they present, Mulgan (Spring 2006) identified areas where complex problems, and subsequently
social innovation deficits, exist. This list was later reaffirmed and updated by Mulgan in an article co-authored with Tucker, Ali, and Sanders (2007). *Table 1: Areas of Opportunity for Social Innovation* below captures these areas that provide a snapshot of where social innovations may develop as a means to alleviate some societal challenge. In addition to the areas identified by Mulgan and his colleagues, this list may be expanded to include the challenges of rural sustainability, given the combination of an aging population at a time of youth outmigration.

Each of the areas identified in *Table 1* recognize very broadly some of the challenges that our society confronts. A single social innovation is unlikely to “solve” any problem, given that so many of these are truly localized due to the forces that are influencing them.

The transportation needs of seniors who often rely upon family members or close friends to access critical health services or simply to travel to the grocery store is an example of a complex problem. This reliance has become an increasing dilemma for many of our communities, even within urban areas, as our neighbourhoods have been designed with the assumption that individuals will have access to their own vehicle. With commercial and service areas often located separately from residential areas and not within walking distance, public transportation systems do provide some alleviation, but they are not capable of reaching everyone’s needs. Many seniors choose to continue driving, even when their reaction times and overall health would suggest that they should not. For others, the alternative becomes one of reliance, a loss of independence, and perhaps above all a loss of healthy social interactions, leading to social exclusion. One of the key benefits that have been recognized from community-based meals on wheels programs is not so much the offering of a healthy meal, but instead the social interaction an individual gains from having a volunteer visit them at their home. This visit is beneficial for the individual’s mental health and resiliency, as it combats feelings of loneliness and exclusion. For some individuals, when they observe an elderly person behind the wheel after a traffic mishap, the reaction may be to complain that senior drivers should not be allowed on the road. This response is short-sighted and misses the broader reality that the problem really lies in a transportation system that has been poorly designed to meet the needs of our aging population. This is what Katherine Freund recognized after her child had been accidentally struck by a senior driver.

Katherine eventually established the non-profit ITNAmerica (Independent Transportation Network) as a means to support seniors in maintaining their independence and mobility while working to prevent unnecessary accidents. This kind of service ensures that reliable and independent forms of mobility exist for seniors. ITNAmerica has been successful at creating a “transportation exchange” across the United States using a franchise model which finds its strength through an innovative combination of information technology and a local grassroots support structure (ITNAmerica, 2011; Policy Research Initiative, Sept. 2010). ITNAmerica personnel, both voluntary and paid staff, work to provide personal driving services at roughly half the cost of a cab; individuals may also donate used vehicles to the organization in exchange for hours, which they may keep or transfer to current clients. ITNAmerica has also been creative in how it has secured its own ongoing sustainability through partnerships with health providers and local merchants, the availability of gift certificates, a car trade program, an annual spring walk-a-thon fundraiser, community partnerships, programs for low-income seniors, and a membership program allowing for a sense of ownership among the service’s users, in addition to
# Table 1: Areas of Opportunity for Social Innovation

<table>
<thead>
<tr>
<th>Areas of Opportunity for Social Innovations</th>
<th>Challenges</th>
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<tr>
<td>Rising life expectancy/aging populations</td>
<td>• Need to re-imagine pensions and workplace design as the workforce ages.  &lt;br&gt;• Care and mutual support systems will face increasing stress.  &lt;br&gt;• Age-friendly models of housing will increase in demand.  &lt;br&gt;• Age-friendly transportation concerns will increase.  &lt;br&gt;• Isolation and social exclusion.</td>
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<tr>
<td>Growing diversity</td>
<td>• New Canadians require access to schooling, language training, and housing that is conscious of their needs.  &lt;br&gt;• Situations where segregation, resentment, or potential conflict between communities may arise.  &lt;br&gt;• Encouraging inclusion and understanding amongst people of different backgrounds.</td>
</tr>
<tr>
<td>Climate change</td>
<td>• Broad behavioural changes across society involving matters connected to housing, transportation, and waste management.</td>
</tr>
<tr>
<td>Increases in chronic disease or long-term health conditions</td>
<td>• Increase in instances of cancers, diabetes, depression, arthritis, or heart diseases.  &lt;br&gt;• Lifestyle choices (e.g. smoking, diet).</td>
</tr>
<tr>
<td>Behavioural problems linked to affluence</td>
<td>• Obesity, inactivity, addictions or substance abuse, and gambling.</td>
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<tr>
<td>Crime and Punishment</td>
<td>• Recidivism has been on the rise, demonstrating failure within the correctional systems of some jurisdictions. In such cases, approaches to encourage positive social inclusion and participation amongst convicted offenders need to be re-imagined.</td>
</tr>
<tr>
<td>Difficult transitions to adulthood</td>
<td>• There is an ongoing need to ensure that young people, particularly in times of economic difficulty, are able to find their ways into stable livelihoods, careers, and relationships.</td>
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<tr>
<td>Happiness</td>
<td>• There has been a mismatch identified between a growing GDP and levels of stagnating happiness. This presents a situation where public policies and civic action may be rethought, as prior conceptions of what we seek, or need, as a society may need to be reconsidered.</td>
</tr>
<tr>
<td>Inequality</td>
<td>• Different forms of inequality within societies can create situations where conflict and mistrust may arise.</td>
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Adapted from: Mulgan, Tucker, Ali, & Sanders
other initiatives. Sustainability and independence have become important for ITNAmerica, and this is reflected in how it satisfies its own operating revenues. ITNAmerica was initially developed with seed funding from the U.S. Department of Transportation; it is now independent of government funding. For new affiliate organizations, the initial five years of operation may see public funds used for fifty percent of their needs as operations begin, but ITNAmerica strives not to compete for taxpayer dollars over the long term with public transportation.

ITNAmerica is one response to a complex problem confronting our society, and it reflects how public policy will be influenced through our changing demographics as the baby boom generation reaches its senior years. As a social innovation, ITNAmerica presents a good case study of how an existing model (personal transportation) is now presenting problems for an increasing number of citizens. However, there may be some confusion on how the social change that has been generated by ITNAmerica may best be understood as something that was derived either from social innovation, social entrepreneurship, or even social enterprise. These three terms are each closely related and, in practice, overlap. As a result, they are sometimes used interchangeably.

Phills Jr., Deiglmeier, and Miller (Fall 2008) addressed this overlap in terms by initially remarking that social innovation serves as the best construct behind which we may understand what produces lasting social change. Phills Jr., et al. referred to social innovation as:

“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.” (p.36)

The social change brought about by ITNAmerica came from developing and championing an alternative approach within a transportation system, and securing an independent, reliable, and safe mobility option for seniors that provides benefits for entire communities. ITNAmerica has further proven its ingenuity by developing an operational model based upon sustainability in how it generates needed revenues. Taken from the perspective of social entrepreneurship, the efforts of Katherine Freund have been critical to ITNAmerica’s success. As Phills Jr., et al. remarked, social entrepreneurs recognize the new patterns and possibilities while making new ideas a reality, when existing organizations could not see the value or potential. Similarly, the actual ITNAmerica organization can be touted as a social enterprise, given its revenue generating efforts that create sustainability while focusing primarily on satisfying a social need. However, Phills Jr., et al. commented that, in the area of innovation, organizations are important because they have developed the capacities to effectively deliver the innovation(s). For ITNAmerica, the innovation rests in its operating and sustainability model, and how it brings the organization together with families and communities to ensure that the transportation needs of seniors can be met in an efficient manner while respecting an individual’s need for independence.

According to Phills Jr., et al., social innovation captures the concepts that create social value better than social entrepreneurship or social enterprise, given that both of these terms are orientated towards either the individual or the organization respectively. Phills Jr., et al. see both social entrepreneurship and social enterprise as having their roots in the volunteer and non-profit sector, and in effect are primarily focused upon creating social value. However, they argue that, ultimately, it is the innovation which is the source of any social value, with social entrepreneurs...
and social enterprises effectively serving as one means or another of developing and providing an innovation. Social innovation, while benefiting greatly from the volunteer and non-profit sector, which most clearly aligns with the concept, can also be developed from within private businesses or government as a means of creating social value that creates a public benefit.

Goldenberg (2004) initially considered the volunteer and non-profit sector to be the main driver behind realizing the potential of social innovation in Canada. However, as the field has developed in recent years, Goldenberg (2010) later remarked that, while the role of the sector remains an important one, it must also be recognized that social innovation crosses into all sectors and often comes about through collaboration.

Canada has seen numerous social innovations that are delivered by government, such as universal health care or the registered disability savings plan, both landmark achievements that speak to the importance of creating space for a flexible public service capable of innovation. The private sector as well has hosted numerous social innovations, including social media where citizens are creating and finding new ways to interact on a daily basis, often with outcomes that were unimaginable to the individuals who first designed these web services. Given that social innovations often address some type of market failure or need in which the private sector cannot feasibly involve itself, and with government often facing restraints tied to revenue or political concerns, it often falls to the volunteer and non-profit sector to create solutions that other actors cannot.

Colleen Ebinger (Policy Research Initiative, February 2011) echoed this when commenting that social innovation is not all that different from other forms of innovation, except when it seeks to address a market failure. Ebinger discusses a market failure as occurring whenever the levels of supply and demand of a product or service are unequal, and points out that under a profit-driven model, market failure is easily addressed when a business or entrepreneur demonstrates to investors that a profit may be generated in delivering a new innovation which satisfies this market need. However, unlike profit-driven models, the market failures that social innovations most commonly address do not have clear funding streams, given that those in need of the service or innovation often cannot pay for it themselves, and hence the important role of fundraisers and government funding in supporting the volunteer and non-profit sector. The payoffs, or benefits of supporting social innovations, are not as clear as that for innovations pursuing profit-driven models; Ebinger had this to say when discussing innovations developed under the non-profit and for-profit models:

“If a social innovation was developed that is an unquestionably better approach to a particular problem (i.e., it gets better results or it is cheaper per person while still achieving the same results), we are unlikely to see any similar influx of capital flow automatically to spreading that solution. So even though this new approach may address a market failure and represent a cost savings to society over the long term, no entity can make a profit off of it and therefore no business picks it up.” (p.2)

Ebinger’s comment speaks to the difficulty of securing financing and other supports for social innovation, as the type of market failures that they address are not easily profitable. Other than the volunteer and non-profit sector, governments also commonly handle market failures with the goal of attaining a cost savings for society; we can easily observe this in the public health and
education fields. Government actions to develop massive infrastructure projects such as railways or highways also represent interventions where the outcomes would be positive for society overall, yet difficult for any private entity to develop profitably.

The role of governments and other large, established actors will be critical to securing support for social innovation, just as scientific innovation was helped over a century ago. The public assistance that was given to scientific enquiry as it developed in the 20th century by government, universities, and other large, stable institutions allowed the field to gain resiliency as it found its footing and demonstrated its increasing value to society. Working towards a resilient volunteer and non-profit sector will result in a sector that is more capable of pursuing creative new ideas and approaches to the problems our society confronts every day, and will bring social innovation toward the level of recognition that scientific innovation achieved in the last century.

6.1.2 Resiliency
Ultimately theorizing about how to support and foster social innovation is likely to mirror how other forms of innovation have been supported, and this often comes down to resiliency. While it would be far too simplistic to suggest that this is the sole or even dominant factor behind all forms of innovation, it is clear that resiliency is a key factor for innovators. This may run the gamut from striving to institutionalize the rights of persons with disabilities to launching a new and more efficient production system at a local manufacturing plant. A resilient volunteer and non-profit sector will be able to support new endeavours, while maintaining its everyday operations.

In a primer on social innovation, Geraldine Cahill (2010) relayed this perspective on resiliency:

“From a social innovation perspective, resilience, like sustainability, is linked to the capacity to balance a healthy environment with a vibrant economy and social justice. It suggests, however, a focus on a continuously changing balance rather than a stable state. Systems that are better able to introduce novelty (e.g., new products, services, ideas, etc.) are more resilient and, in turn, better able to withstand and adapt to large shocks.” (p. 262)

From this perspective, Cahill has focused upon resiliency as an indicator of any system’s (e.g. society, communities, economies, etc.) ability to confront and adapt to shocks which may conceivably come in the form of an economic recession, a loss of funding or personnel, or demand increases that far outpace existing capacities, amongst other challenges. Essentially, a “shock” would be some challenge or potential risk that could derail or severely hinder a system; provided the right level of resiliency, the ability to withstand and adapt to shocks becomes a possibility. Resilient organizations have the capability to readily adopt or pursue innovative new ideas and approaches; in the process, this creates the space needed to foster social innovation. For the purposes of this report, resiliency has been employed as the means to best understand how to support and foster social innovation in the volunteer and non-profit sector.

Two approaches towards resiliency have been recognized within the literature. The first looks at how social innovation strengthens a system and how it reengages vulnerable populations. This perspective belongs to Frances Westley (October 2008), who sees social innovation as being key to building social and ecological resilience against the various complex challenges confronting
our economic, social, cultural, and political institutions. For Westley, resiliency, similar to sustainability, is connected to a society’s capacity to balance demands and, in particular, the need for a healthy environment alongside a vibrant economy with the presence of social justice. Resilience rests upon acknowledging that there exists a state of continuous change where systems are able to take advantage of what Westley describes as continuous novelty (social innovations) to withstand and adapt to shocks.

Another perspective on resilience is that taken by Judith Maxwell (2010), which focuses on the volunteer and non-profit sector. Placing them within the context of the volunteer and non-profit sector, Maxwell listed three previously identified dimensions of resiliency: public value, legitimacy and support, and operational capabilities. Demonstrating public value means communicating an initiative’s worth, which further strengthens an organization as it helps to attract sought after partners, funders, and volunteers. Second, by establishing their legitimacy, organizations position themselves to begin building political clout (this directly flows from acting to demonstrate public value), which correlates to increases in support. Establishing legitimacy comes from both building effective relationships with other players within and outside the sector, and also engaging the public as a means to generate interest in the work of the organization; such efforts will also encourage others to tell the organization’s story within their own circles. The third dimension of resiliency concerns an organization’s operational capabilities, which reflects how well funded individual organizations are, as well as the type of funding they are able to generate. Project-focused funding, for instance, often sidesteps the importance of contributing to staff training, employee benefits, insurance, administrative concerns, and other costs that are often labelled as core expenses. Strong operational capabilities can help ensure that organizations are positioned to withstand changes, or shocks, and furthermore to also adapt and innovate within their operating environments. Maxwell also points to the importance of collaboration within the volunteer and non-profit sector as a means to achieve resiliency, as organizations find new ways to work together and share resources. In a broader sense, of course, collaborations come with their own challenges, such as ensuring responsibilities are properly defined or that concerns surrounding ownership and credibility are addressed ahead of time before potential conflicts arise. Collaborations, though, provide volunteer and non-profit organizations an opportunity to improve on the effectiveness of their efforts, and in the process strengthening their own resiliency.

Westley’s view that social innovations can serve as the means to strengthen social and ecological resiliency against various complex challenges has very much been reflected through the examples already discussed in this report. Roots of Empathy seeks to build emotional literacy amongst children to combat anti-social behaviour as they interact with their classmates and grow into adolescence and eventually adulthood. ITN America strives to ensure that the mobility and independence of seniors is maintained, while providing a means for social inclusion that strengthens entire communities in the process. This perspective relays the importance that we

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place upon constantly improving our society, and how social innovation has a role to play in these efforts.

Maxwell’s view works to reassert the stance taken within this report that to work towards a volunteer and non-profit sector that supports and fosters social innovation will require a focus on ensuring that the sector is resilient against potential threats, while also positioned to pursue novel ideas or approaches. Maxwell’s focus on three dimensions of resiliency is mirrored in this report through the use of the resiliency apps concept presented in the conceptual framework. Resiliency apps, while serving to increase resiliency, result in the reinforcement of stability both within individual organizations and the broader sector. This stability allows innovators and entrepreneurs alike to more easily pursue their new ideas or approaches, creating an environment conducive to social innovation. A resilient volunteer and non-profit sector will allow social entrepreneurs to advance their work, and that will in time serve to reinforce the sustainability of the sector.

6.1.3 Social Entrepreneurship

“[I]mportant social change frequently begins with a single entrepreneurial author: one obsessive individual who sees a problem and envisions a new solution, who takes the initiative to act on that vision, who gathers resources and builds organizations to protect and market that vision, who provides the energy and sustained focus to overcome the inevitable resistance, and who – decade after decade – keeps improving, strengthening, and broadening that vision until what was once a marginal idea has become the new norm.” (Bornstein, 2007, p.3)

Social entrepreneurs carry many of the same personality traits that have been observed in business entrepreneurs, with the nature of their motivation serving as their distinguishing feature. David Bornstein communicates the importance of having that single individual who serves as the leader and driving force behind new social innovations pushing for change. Social entrepreneurship has emerged as a significant field of study, and borrows heavily from the general work that has been done on entrepreneurship; this section is designed to communicate the role and importance of the individuals who head up new social innovations.

Bornstein identified six qualities of successful social entrepreneurs to capture what makes these individuals unique, presented in Table 2: Bornstein’s Six Qualities of Successful Social Entrepreneurs. Bornstein also challenged the assumption that the most successful entrepreneurs are simply more confident and persistent than their peers, and instead cited research by David C. McClelland contrasting the behaviour of “highly successful” and “average” entrepreneurs. That research found that the most successful entrepreneurs did not necessarily emerge as more confident, persistent, or knowledgeable, but rather identified a critical difference between the two groups based on the quality, or source, of their motivation. Bornstein built from this assertion, adding that those with long-term goals viewed their problems differently, bringing a unique approach to their perspectives on results, planning ahead, quality, and efficiencies, as well as placing a focus on a commitment to the people around them; they put long-term considerations ahead of short-term prospects. Bornstein’s characteristics provide special insight into the personalities of those individuals who develop and carry significant social innovations into fruition and scale them to a meaningful level of impact.
Table 2: Bornstein’s Six Qualities of Successful Social Entrepreneurs

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<thead>
<tr>
<th>Six Qualities of Successful Social Entrepreneurs</th>
<th>Description</th>
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</table>
| Willingness to Self-Correct | - Given the source of their motivation, social entrepreneurs tend to very self-correcting and will change direction if it serves their long-term goal.  
- It may prove very difficult (i.e. unpopular, costly, counter-intuitive, etc.) to change direction once an initiative has begun. Bornstein links this to a social entrepreneur’s commitment to a long-term goal. |
| Willingness to Share Credit | - The more people that feel ownership for something, the more capable individuals there are willing to help and lend support.  
- The social entrepreneur’s source of motivation seeks to create change and is not concerned with personal recognition. |
| Willingness to Cross Disciplinary Boundaries | - Social entrepreneurs recognize the importance of crossing disciplinary boundaries and the effect these efforts can achieve when working to create change and innovation. |
| Willingness to Break Free of Established Structures | - Social entrepreneurs may appear within large organizations such as government or business as they work to redirect existing resources to be more efficient and effective in meeting their goals.  
- It is within the volunteer and non-profit sector that social entrepreneurs are most commonly given the freedom to pursue new ideas within the sector, which often gives way to social innovation. |
| Willingness to Work Quietly | - Social entrepreneurs often spend decades promoting their ideas, speaking to whoever will listen, often in small groups or one-on-one. Many work away from any considerable attention or limelight; certainly for many, such attention may be deemed a distraction if it does not contribute to their work. Recognition for social entrepreneurs and their achievements is often given after years of dedication, sacrifice, time, and effort. |
| Strong Ethical Impetus | - A strong ethical grounding is the basis of what motivates social entrepreneurs. Just as creating a legacy or a competitive drive may characterize the motivation of a business entrepreneur, Bornstein points to the ethical dimension of the work of social entrepreneurs as being their driving source of motivation.  
- The key difference between social and business entrepreneurs is found in their vision, as evident in this quote: “In a question: Does the entrepreneur dream of building the world’s greatest running-shoe company or vaccinating all the world’s children?” (p.244) |

Adapted from: Bornstein, 2007.
Bornstein’s six qualities paint a good picture of what characterizes a social entrepreneur; there have also been a number of definitions put forward which echo many of the same points. Dees (2001) viewed social entrepreneurship as bringing together the passion of a social mission alongside the discipline, innovation, and determination found within the business world. Dees considered social entrepreneurs to be change agents who took on missions tied to social value, and who would willingly pursue whatever routes necessary to serve that mission through innovation, adaptation, learning, and identifying available resources while being accountable to the constituencies (i.e. people, communities, the environment, etc.) they work to benefit. Cahill (2010) identified a social entrepreneur as someone that recognizes a problem and employs entrepreneurial skills and methods to organize, create, and manage a response. Unlike their counterparts in the business world, Cahill asserts that social entrepreneurs measure their performance in terms of their impact first, with any focus on profit being secondary.

Roger L. Martin and Sally Osberg (Spring 2007) commented that without definition, the field of social entrepreneurship provides sceptics with “an ever-expanding target to shoot at,” while providing an excuse for them to also discount social innovation and those who drive the field. Martin and Osberg provided a critical analysis of the definition of social entrepreneurship, distinguishing it from its parent field of entrepreneurship. They adopt the perspective that whether the entrepreneur is an innovator or early exploiter, he or she associates the field with opportunity and individuals that demonstrate an exceptional ability to recognize new opportunities for existing problems or needs. In addition to this, Martin and Osberg recognize that entrepreneurs also carry a unique set of personality characteristics that become critical to identifying and pursuing their desired outcome. Martin and Osberg helpfully point out that entrepreneurs of any stripe (i.e. social, scientific, business, etc.) are rarely driven by financial gain as part of their motivation, simply due to the odds, even for those in the private sector, of making significant profits from their work. Motivation for entrepreneurs is instead derived from pursuing a vision and gaining the satisfaction of witnessing their plans and ideas unfold and take effect.

Where Martin and Osberg differentiate between business entrepreneurs and social entrepreneurs is with their value position. The traditional business entrepreneur operates within a market context; they can expect to generate a financial return and, as such, they organize their work around this expectation. This impacts their available sources of financing, as private investors often provide needed financial resources up front in return for a share of any eventual profits. Social entrepreneurs, however, seek to create value that is very rarely easily transferred into a financial profit. Demonstrating value for social innovations is an ongoing challenge for social entrepreneurs; their value lies in the opportunity to create a positive impact with a public benefit outcome.

Martin and Osberg (Spring 2007) broke down their definition of social entrepreneurship into three components:

“(1) identifying a stable but inherently unjust equilibrium that causes the exclusion, marginalization, or suffering of a segment of humanity that lacks the financial means or political clout to achieve any transformative benefit on its own; (2) identifying an
opportunity in this unjust equilibrium, developing a social value proposition, and bringing to bear inspiration, creativity, direct action, courage, and fortitude, thereby challenging the stable state’s hegemony; and (3) forging a new, stable equilibrium that releases trapped potential or alleviates the suffering of the targeted group, and through imitation and the creation of a stable ecosystem around the new equilibrium ensuring a better future for the targeted group and even society at large.” (p. 35)

This three part definition of social entrepreneurship clearly links back to themes found throughout the emerging field of social innovation with the recognition of a problem in society first, and then an idea or course of action to address it after eventual implementation, creating a new stability and resiliency for a previously vulnerable segment of the population, environment, or the whole of society. Social entrepreneurs are the critical individuals who recognize weaknesses in society, where some vulnerability has diminished an individual’s or group’s resiliency which, in turn, further exposes them to more risks. Social entrepreneurs are the ones who ignite the initial spark and champion systems-changing social innovations from the fringe into mainstream acceptance, often to the point where previous detractors or opponents of change come to recognize that it was a needed and beneficial innovation for public benefit.

6.2 Exploring the Social Innovation Process
The first section of the literature review presented the three critical elements for understanding social innovation in the volunteer and non-profit sector: social innovation, resiliency, and social entrepreneurship. Each of these elements interact with the others as demonstrated in the conceptual framework: resiliency serves to enable social entrepreneurs and social innovations to reach their potential; social entrepreneurs are the leaders and creative minds that strive for new social innovations and more resiliency; and social innovation increase resiliency while providing social entrepreneurs with a new idea or approach to improve their communities. This section seeks to decipher two of the models that exist in the literature that discusses the social innovation process.

Social innovations do not occur in a linear fashion (as observed throughout the literature); however, the exercise of attempting to model the process of social innovation can prove useful as it produces a base from which stakeholders may discuss appropriate policies or actions to support social innovation. Two models are presented in this report, each of which offers a slightly different perspective. Both of these models have been adapted from the literature and are presented visually to guide the reader.

The first model is presented in Figure 3: The Social Entrepreneur’s Perspective and is adopted from Westley, Zimmerman, and Patton (2007). In their book Getting to Maybe: How the World is Changed, Westley, et al. describe seven stages through which social entrepreneurs often travel. Westley, et al. uses the term social innovator throughout their work; social entrepreneur, however, has been used in Figure 3 to maintain consistency within this report and to allow the reader to make linkages with other sections and the conceptual framework. This model demonstrates the first hand experience of social entrepreneurs as they tackle a complex problem with no clear solution and often without any obvious partners. Social entrepreneurs often
recognize some Figure 3: The Social Entrepreneur’s Perspective

1. “Getting to Maybe”
   - Starts with an individual recognizing some injustice or problem for which they come to feel something must and can be done.

2. “Stood Still”
   - A period where the social entrepreneur first took the time to pause and studied the situation and the area or root of discontent.

3. “Powerful Strangers”
   - During the period when the social entrepreneur is assessing their situation and focusing upon questions of “where they are, who they are, where they might find allies and what scope of change is needed” they begin to encounter those with entrenched interests in the current system. These encounters with powerful strangers provides the social entrepreneurs with the opportunity to reassess their situation, and identify important resources or opportunities worth unlocking.

4. “Let it Find You”
   - As the social entrepreneur moves from the last stage the pace of their actions suddenly pick up as their initiatives assume a flow and fall into sync with others, encounters with the unexpected and often unpredictable occur rapidly and without little, if any, warning.
   - The goal is at times visible and increasingly viable now, even if it remains far off. The social innovator has begun to find a formula for their complex problem.

5. “Cold Heaven”
   - The process of social innovation is rarely, if ever, experienced in a linear fashion. Fresh challenges will emerge, for some operational concerns may play a role.
   - ‘Threatened powers’ from embedded interests may observe the changes the social innovation is working towards and view them with hostility, efforts to resist change may be undertaken. For example an ITN America type initiative despite securing seniors with an independent and reliable transportation option will surely find some opposition from public transportation and taxi operators. Simply put the social entrepreneur can expect things to get worse before they get better.

6. “Hope and History Rhyme”
   - At this point for the social entrepreneur what began as a personal journey begins aligning with larger forces, suddenly things begin to click and it feels like the ‘right place at the right time.’ The social innovation and the message it carries has reached a critical mass, it has succeeded.

7. “The Door Opens”
   - The social entrepreneur feels like a door has opened. At the start it wasn't clear that any door would open, it was by moving forward, paying attention to real world dynamics, looking for opportunities, and maintaining a vision such that even when it appeared a door had just partially opened the social entrepreneur's will and motivation was to push ahead without settling for partial success.


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3 Westley, Zimmerman, and Quinn (2007) used the term social innovator throughout their work; to maintain consistency throughout this report, social entrepreneur has been inserted.
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injustice or problem for which they feel driven or compelled to fix, even when others may view the situation as simply too complex to reasonably address. This is when the social entrepreneur experiences a push beyond an existing “accepted” situation to find themselves in the mindset of *Getting to Maybe*. Second, the social entrepreneur likely experiences a period of reflection where he or she studies the problem and works to identify its causes; in hindsight, this is the period when many social entrepreneurs took time and *Stood Still*. During that period of reflection, the social entrepreneur studied the problem set out before him or her and sought to find within the system areas where change would be needed. Then he or she begins to encounter those entrenched interests, or *Powerful Strangers*, capable of strengthening the potential resources base. *Powerful Strangers* may also represent those with entrenched interests in keeping the system as it exists; through these interests the social entrepreneur begins the important task of identifying where challenges exist and what opportunities need to be sought. As the work of the social entrepreneur progresses and assumes a life and pace of its own, his or her efforts will increasingly fall into sync with others; at this point, the goal becomes increasingly visible. This stage is referred to as *Let it Find You*; in essence this is when the social entrepreneur’s efforts begin to provide some validation, as others come on board and their work demonstrates traction within their community.

From this high point, the social entrepreneur can expect fresh challenges to emerge. The process of social innovation is almost never a linear one. As the social innovation is scaled up, unexpected organizational challenges are likely to emerge, and these challenges may require a skill set unfamiliar to the social entrepreneur. It is also likely that entrenched interests, or threatened powers, begin to take notice of the changes the social entrepreneur has begun initiating, and start to view them with some hostility and work to resist or block their further success. These threatened powers do not necessarily disagree with the social innovation’s goal; their indifference may simply rest in how the social innovation achieves its outcomes, particularly if it proves existing methods to be inferior. For the social entrepreneur, this is a period of fresh challenge and the realization of the complexity of the problems they face; this stage has been called a *Cold Heaven*.

Eventually, though, the motivation and resourcefulness of the successful social entrepreneur works through these challenges. In the process their efforts quietly begin to align with larger forces, and this is the justification for their sacrifices and dedication at times when the goal appeared out of reach. This stage, *Hope and History Rhyme*, is characterized by Westley, et al. as when things begin to click, and it may feel as though it is the right place and the right time. In short, the social innovation has achieved a critical mass, its message has succeeded, and the social entrepreneur’s dream has been validated. As the social entrepreneur looks back at his or her experiences and remembers the uncertainty and fear, it becomes clear that through careful attention to real world dynamics, seeking opportunities, and loyalty to an overarching vision or goal, they gained the legitimacy their social innovation needed. At this point of realization, referred to as *The Door Opens*, the social entrepreneur will see the value and successes of their efforts.

Appreciating the social innovation process from the perspective of the social entrepreneur is an important consideration for those seeking to provide supports or to initiate policies that foster social innovation in their communities. Social entrepreneurs are those individuals who carry the
Figure 4: From Inspiration to Systemic Change Model

1. Prompts, Inspirations, and Diagnoses
   - Stage involves recognizing the crisis or problem which inspires the need for a new social innovation.
   - Great importance on defining the issue and framing questions so that the root causes and not just symptoms are identified.

2. Proposals and Ideas
   - Stage of idea generation.
   - Ideas may come from various sources including community, service users, organizations, etc.

3. Prototyping and Pilots
   - Stage where ideas get tested in practice, this may be done through pilots or prototypes. In some cases randomized control trials may also be employed.
   - This stage is critical for identifying potential errors and refining/testing ideas through experimentation.
   - Measure of success capable of demonstrating value may also be identified at this stage.

4. Sustaining
   - By this stage the social innovation has developed from an operational perspective into an everyday practice.
   - Refining operational concerns such as budgets or employee teams begins to demand attention.
   - Identifying financing streams to ensure long-term sustainability increasingly important.

5. Scaling and Diffusion
   - Various options exist at this stage for growing or spreading the impact/reach of the social innovation. This could include following a licensing or franchising model to strengthening internal organizational growth.

6. Systemic Change
   - This stage is the ultimate goal of social innovation.
   - Systemic change is seen as very different from innovation in products or services or business innovation as it has likely involved the interaction of multiple elements and led to the creation of new frameworks or norms within the system that work to counter the originally identified crisis or problem.

weight of bringing social innovations into reality. For this reason alone, it is important to bring their perspectives to the table as efforts to create a framework for social innovation are discussed.

Moving forward, Figure 4: From Inspiration to Systemic Change Model provides another perspective on the social innovation process. Developed in Europe, variations of this model appear in both The Open Book of Social Innovation (Murray, Caulier-Grice, & Mulgan, 2010) and the Study on Social Innovation (Caulier-Grice, Kahn, Mulgan, Pulford, & Vasconcelos, 2010). This model presents six stages, from the origination of a new idea or approach that has the potential of becoming a substantive social innovation, to initiating broad systemic change. As Murray, et al. commented, these stages are not necessarily sequential; because some social innovations may go directly into practice or even look to be scaled up, there is also considerable room for overlap as lessons are learned in each stage and applied. This model, unlike the previous one shown in Figure 3, which focused upon an individual’s perspective, concentrates on the social innovation.

The first stage, titled Prompts, Inspirations, and Diagnoses, involves recognizing that a problem does exist within the current system, and it is heavily concerned with asking the right questions to understand the issues and root causes of the matter at hand. It is important in this initial stage to distinguish between the problem’s root causes and their symptoms. The following stage, Proposals and Ideas, occurs as methods and approaches to address the complex problem are developed. During this stage, ideas may come from numerous sources, including community, service users, or from engaged organizations. Prototyping and Pilots sees the new ideas being put into practice, which is crucial for identifying possible errors. Efforts to identify how success may be measured and communicated could also be realized at this stage as part of the need to demonstrate value. Sustaining the social innovation after it has attained regular practice eventually becomes a key concern, as matters tied to sustainable financing and staffing amongst other operational demands get attention. Ensuring that capable management and long-term financing are in place allows a social innovation to maintain the resiliency needed for growth and facing challenges as they occur. The fifth stage of Scaling and Diffusion occurs when the social innovation, after being tested and proven in one community or context, is expanded in an effort to broaden its impact. Growth may be pursued through various methods, including internal growth of the organization or adopting a franchising model. The final stage is Systemic Change. At this point, the social innovation has achieved its ultimate goal, where new norms or frameworks have risen up within society that counter the previous conditions or root causes that instigated the original problem or crisis.

Each of the models presented provide valuable insights and learning opportunities for community leaders and others engaged in the public policy process to develop initiatives that support and foster social innovations in our society. Different initiatives will aid social innovations at their various stages of growth, from piloting or prototyping a new idea to securing long-term sustainability and impact. The next section discusses opportunities to increase resiliency in the volunteer and non-profit sector, building on some of the background knowledge that has been presented here through the social innovation process.
6.3 Supporting and Fostering Social Innovation

Social innovation, just as with other forms of innovation, cannot be expected simply to happen. Supporting and fostering social innovation involves a degree of patience and shifting towards a culture of learning. The latter can prove particularly difficult for naturally risk adverse governments, given that some acceptance of risk or even failure is inherent when seeking to find new methods that work. Just as governments have sought to create business environments conducive to economic innovation, a similar path may be taken for advancing social innovation. Governments, organizations, or societies as a whole that seek to promote innovation have to take the approach of making it easier for people to openly test or experiment with new ideas. Creativity and innovation flow naturally when provided with an open environment free from any significant restraints that would hinder new ideas.

Mark Goldenberg (November 2004) relayed the outcomes of a 2004 roundtable convened by the Canadian Policy Research Network in which the participants discussed what future support social innovation would need in Canada. Eight factors that were identified for supporting and fostering social innovation:

1. Leadership
2. Supportive Policy and Regulatory Frameworks
3. Tolerance and Encouragement for Risk-Taking
4. Appropriate and Adequate Financing
5. Collaboration and Partnerships
6. Learning
7. Neutral Space
8. Metrics

The roundtable participants’ recognition of the importance of leadership and finding ways to support it reflects the attention this report gives to social entrepreneurship, and that key individual (i.e. the social entrepreneur) whose vision and motivation serves as the driving force behind bringing a social innovation into reality.

Supportive policy and regulatory frameworks can be concerned with numerous issues, such as a charity or non-profit’s ability to self-generate financing for long-term stability. Supportive policies may seek to ensure that employees within the volunteer and non-profit sector have access to health benefits, or that the liability and insurance concerns of organizations can be managed effectively without undermining their efforts to do good. Supportive policy and regulatory frameworks may not appear, in some instances, to add much towards creating a volunteer and non-profit sector that is conducive to social innovation, but issues that may appear to be on the periphery, such as employee health benefits or insurance concerns, promote the resiliency of an organization and the sector as whole. When these primary concerns are addressed, it allows leaders within the volunteer and non-profit sector to direct their attention and energies towards using their creativity and ingenuity to continue to find new and better methods when confronting the complex problems they deal with every day. Their strengthened resiliency creates the space that social innovation needs to emerge and seek implementation.
Goldenberg’s remaining six factors each echo familiar methods for supporting and fostering any type of innovation. Establishing an environment and culture that is tolerant and encouraging of risk-taking is needed both within the volunteer and non-profit sector and among those partners which support the sector. Allowing organizations and individuals the flexibility to pursue what sometimes may be as simple as a hunch is critical to discovering new ideas or approaches that could prove incredibly valuable. Flowing from a tolerance and encouragement of risk-taking is the need for appropriate and adequate financing of various types for the sector. Financing which avoids narrowly restricting an organization’s activities and instead allows for some deviation, particularly as lessons are learned during the implementation of projects, can provide the sector with needed flexibility. Financing designed for different stages of the social innovation process, ranging from start-up to implementation or growth, should be sought out, allowing non-profits the means to self-generate their own revenues without penalty, potentially encouraging independence, stability, and resiliency. The fifth factor of collaboration and partnerships recognizes the importance of communication among various concerned organizations and individuals. The sixth factor of learning communicates the importance of research and ongoing sector education which is action-oriented, has a culture supportive of peer learning and evaluation of ongoing operations, and possesses knowledge networks at different levels (nationally, provincially, across the sector, etc.) to identify potential opportunities before they are lost and threats before they become emergencies. Seventh, allowing for a neutral space links to collaboration, partnerships, and learning, providing opportunities to come together for knowledge sharing and lessons learned. Having neutral spaces may come in various forms, ranging from a conference to a lunch-and-learn or a concerned stakeholders meeting that can create important linkages within communities and the sector, thus achieving creative approaches to complex problems. The eighth factor of metrics seeks to communicate the results of social innovations to both funders and the public, demonstrating the value of an organization or individual’s work. Metrics can also contribute to meeting important accountability demands; it will allow social entrepreneurs to identify where they are succeeding and help them to recognize where the weaknesses in their approaches exist. As an important aspect of demonstrating value is finding the proper means to communicate where there has been value-added with any new social innovation, establishing and tracking the proper metrics will support this outcome.

Westley, Zimmerman, & Patton (2007) recognized the importance of demonstrating the value of a social innovation, but also the need to manage any accountability or evaluation demands, with an aim towards facilitating and not blocking the development of an innovation. Westley, et al. identified that those individuals involved in social innovation want to be accountable, yet processes which are time- and cost-intensive serve only to frustrate and hinder further development. The possibility that evaluation demands will become due before significant progress with an innovation is also a matter of concern. There is also the acknowledgment by Westley, et al. that social innovators should not expect funders to take on a wait and see approach on providing results. Instead, they suggest less narrow and restrictive approaches to evaluation that value new learnings. Westley, et al. present a new form of evaluation called developmental evaluation which aims to achieve the goal of marrying accountability needs within a learning framework to foster social innovation; this approach seeks to establish learning as an authentic form of accountability. Developmental evaluation is further discussed in the subsection on demonstrating value.
Westley, et al. expanded upon their concerns of the accountability and evaluation demands which are placed upon volunteer and non-profit organizations engaged in social innovation by commenting on how, within the private sector, there remains a high failure rate for new ventures and products, with breakout successes being rare. This dilemma is simply acknowledged as an element of pursuing new business opportunities. In contrast to the private sector’s widely acknowledged situation, Westley, et al. reflected upon what the volunteer and non-profit sector confronts when new proposals are made to tackle complex problems in communities:

“[P]roposals are created and evaluated with the expectation that every one of them will be a great success – that anything short of completely solving a problem is a failure. Creating a civic culture in which people understand that things seldom work as expected, especially when trying to solve complex, intractable problems, would support a shift toward learning. This shift is not to avoid accountability but rather to make learning a focus of meaningful accountability.” (p. 183)

Westley, et al. suggest that government should support small safe-fail initiatives for social innovation with a focus towards learning what works and what does not. Information on failure can prove just as valuable as getting something right the first time, which is incredibly rare. The safe-fail proposal of testing social innovations would allow for a limited roll-out, with attention paid towards ensuring the feedback and monitoring of outcomes; what is important with this approach is to observe what happens when an intervention meant to counter some complex problem (the safe-fail initiative) is introduced into a community. The intervention itself will benefit from a limited implementation roll-out, so that lessons learned can be applied as time progresses. Supporting social innovations that are successful and capable of reaching a high level of impact will require learning and adapting on behalf of the social entrepreneur and the funder. This is a natural progression of ideas and observations, and a part of growth and development for any innovation or organization.

For regulatory purposes, the volunteer and non-profit sector is an area of shared jurisdiction in Canada between the federal and the provincial governments. Provinces have responsibility for charities and provincially incorporated non-profits, yet the federal government oversees the Income Tax Act which provides the basis for the volunteer and non-profit sector’s taxation benefits. Mulholland, Mendelsohn, and Shamshiri (2011), in a report for the Mowat Centre, reviewed the regulatory challenges of Canada’s volunteer and non-profit sector as it seeks to diversify its financing with self-generated revenues. It has been generally recognized across the volunteer and non-profit sector that, given the ongoing economic situation, government funding and private donations are likely to either decline or remain stagnant for the foreseeable future, despite consistent or growing demand for the services provided by the sector. This has led to a growing interest in self-generated revenue within the sector, particularly through social enterprises. While social enterprises are discussed in greater detail later in the report, for immediate purposes social enterprises are essentially organizations that seek to earn revenues through commercial transactions with a social or environmental mission overriding any private economic ambitions; any earned profits are put back to use within the social enterprise or used to meet the organization’s overarching social or environmental goal(s). Self-generated revenue streams have the potential to provide the volunteer and non-profit sector with the resiliency and
stability it needs to independently support itself and to pursue social innovations as their resources permit.

While jurisdiction over charities rests with the provinces, it is the federal government’s role with regards to taxation that is critical to understanding how many charities raise revenue. For charities to maintain their tax-free status and their ability to issue tax receipts to their contributors, they must comply with the guidelines set out in the federal Income Tax Act and regulations set by the Canada Revenue Agency (CRA). When this legislation was originally developed, the definition of a charity or non-profit was far simpler than it is today. The sector is now evolving to take on not just its traditional Good Samaritan role, but is also working to confront complex problems at its roots. The emergence of social enterprises and efforts by non-profits to generate their own revenues independently reflect this changing dynamic.

There is no definition of social enterprise contained within any Canadian legislation or regulation, and this has created an environment where many non-profits have to be overly cautious about the legality of their organization(s); their primary fear is the potential loss of their charity status, which prohibits them from collecting any form of revenues that may be interpreted as profit. Deregistration of charity status could be as severe as a loss of all of an organization’s assets. Charities and non-profits may take the route of establishing a separate for-profit entity for generating revenues, but this option is costly, outside the administrative capacity of many organizations, and involves sacrificing tax exemption status for monies earned. Recent CRA regulatory rulings have made the situation increasingly restrictive for non-profits attempting to self-generate their own revenues by explicitly stating that a charity-registered entity cannot have any profit earning purpose whatsoever. This CRA ruling has been observed as effectively prohibiting non-profits from undertaking any enterprising activities capable of generating financial stability (and resiliency) through efforts which also complement their social or environmental mission (Mulholland, et al.).

While some provinces have worked towards creating measures to place charities and non-profits on firmer footing by allowing them to generate revenues through entrepreneurial activities, these efforts remain out of sync with federal regulations. Mulholland, et al. gave this commentary on the regulatory frameworks within which the volunteer and non-profit sector must operate and how they impact efforts to be entrepreneurial and innovative:

“Ideally, policy and regulatory frameworks governing the sector would enable innovation and entrepreneurship, especially with respect to opening up new sources of earned revenue. Currently, however, charities and non-profits struggle with a confusing and onerous patchwork of different provincial rules and regulations across the country. They also face increasingly restrictive federal regulatory constraints on their ability to generate new sources of revenue through social enterprise.” (p. 2)

Mulholland, et al. recognized that social enterprise will not serve as the panacea that will resolve the entire volunteer and non-profit sector’s financing challenges. However, the stance taken is that social enterprise does serve as an opportunity to diversify and grow the sector’s financial base, which makes it a clear focus for the sought after regulatory change capable of pushing social innovation forward.
Positioning the volunteer and non-profit sector to better explore and initiate new social innovations means working to establish an environment that fosters and supports new ideas and approaches. Supporting and fostering social innovation will require strengthening the resiliency of volunteer and non-profit organizations that desire to expand their impact by using their knowledge and experiences to address complex problems at their roots. Just as businesses in the private sector have benefitted from strengthening their resiliency in the face of competition, supply concerns, and human resource needs, the volunteer and non-profit sector has to ensure that its organizations are sound and resilient to challenges both expected and unexpected. Stable financing and the ability to demonstrate value in terms that stakeholders can understand and appreciate contribute to the sector’s resiliency.

6.3.1 Resiliency Apps for Supporting and Fostering Social Innovation

Resiliency apps is a concept that was first presented in this report’s conceptual framework (Figure 2) as a blanket term to refer to any behaviours, actions, tools, movements, or methods that are capable of strengthening the resiliency of the volunteer and non-profit sector. In strengthening the resiliency of the volunteer and non-profit sector, resiliency apps push organizations and individuals forward with increased stability and capacity for innovation and entrepreneurialism. The three resiliency apps to be discussed here have attracted a great deal of attention throughout the volunteer and non-profit sector; social enterprise and social finance have both become serious movements across Canada and internationally. Given that social enterprise and social finance are still relatively new fields that have emerged within a time frame coinciding with social innovation and social entrepreneurship, it is understandable that many individuals have become overwhelmed or confused by all of this fresh terminology. These three resiliency apps were singled out for this report because each has drawn increasing attention, thus creating a need for greater understanding: (1) Social enterprise serves as a potential organizational model that brings together the values of the sector with revenue generating business practices, (2) social finance seeks to provide stable sources of financing, and (3) demonstrating value works to communicate the worth and impact of the sector which, in effect, attracts support and allows social entrepreneurs to recognize where their attentions are needed. Each of these three resiliency apps also contains important lessons for establishing an environment that is supportive and fostering of social innovation in the volunteer and non-profit sector.

6.3.1.1 Social Enterprise

“A social enterprise is generally understood to mean any organization or business that uses the market-oriented production and sale of goods and/or services to pursue a public benefit mission. This covers a broad spectrum of entities – from enterprising charities, non-profits, and co-operatives to social purpose businesses.” (Canadian Task Force on Social Finance, 2010, p.32)

The Canadian Task Force on Social Finance’s report recognizes that social enterprise comes in many forms and may include charities on one end of the spectrum and social purpose businesses on the other. The critical identifier of any social enterprise is that regardless of any ability to generate revenues the primary mission of the organization is a desire to achieve a public benefit. Charities and non-profits place social and/or environmental goals ahead of economic concerns; they seek to create public benefit(s). Co-operatives are another variant which places its members’
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Concerns first and, depending on that organization’s line of business, may also place economic concerns behind other objectives. Social purpose businesses maintain a public benefit styled mission, but also require attaining financial profits for their own sustainability and future growth. A social purpose business may have a double or triple bottom line, with performance being judged on social, environmental, and/or economic impact considerations; for example, organizations associated with the “green economy” are commonly perceived as social purpose businesses. Figure 5: The Social Enterprise Spectrum displays the diversity of organizations which may engage in social enterprise, and also provides some context alongside traditional organizational models that solely seek out either a public benefit impact (charity) or a financial outcome (pure commercial enterprise).

Leadbeater (November 2007) discusses how social enterprises deliberately adopt an uncomfortable middle position, recognizing that in order to solve complex problems such as those tied to poverty, employment, the environment, or fair trade, successful responses will depend upon influencing the way markets work to create long-term change. Long-term responses to complex problems will face great difficulty if they depend entirely upon grants, subsidies, or charity. Leadbeater considers it important for service providers to focus upon finding methods rooted in sustainable impact, something social enterprises strive to achieve.

Social enterprises seek to mingle their public benefit missions with efforts for financial sustainability. This may be achieved in a number of ways; examples include a charity directing the activities of a profit-making enterprise for its own direct benefits, or a small non-profit enterprise teaching employment and work skills to individuals with complex needs while offering the general public some good or service for purchase. Regarding their approach to innovation, social enterprises differ from their private enterprise counterparts, as their focus is directed towards establishing innovations supportive of social and/or environmental outcomes that create a public benefit (Murray, September 2009). Murray points to examples of how social enterprises may create social innovations, such as developing alternative food systems or shifting how supply chains are managed to focus on fair trade, for instance.

This report has presented social enterprise as a resiliency app capable of supporting and fostering social innovation. Social enterprises are based upon creating sustainable impact as organizations achieve their public benefit mission(s); they also strengthen capacity over time and allow for greater independence and flexibility for organizations, an uncommon outcome for traditional charity and non-profit financing methods. Strengthened operational capacity, independence, and flexibility will provide social entrepreneurs with the opportunities they seek to explore new ideas and approaches in their fields.

Two concerns for social enterprise in Canada that were identified by Manwaring and Valentine (February 2011) include (1) the extent to which commercial activity may be undertaken within a legal charity or non-profit structure, and (2) the traditional non-share capital corporation or trust structure of Canadian charities or non-profits which restricts the form of investment that interested third parties may make in an entity. These concerns echo those already discussed by Mulholland, Mendelsohn, and Shamshiri (2011) that place concern on the regulatory framework within which Canadian charities and non-profits operate and how it is restrictive and potentially detrimental to fostering social innovation. Manwaring and Valentine suggest that legislation be
brought forward that permits a new special status corporation for social enterprise endeavours. However, it is also recognized that an additional challenge exists, as the Income Tax Act determines whether any new entity type may be tax exempt and/or permitted to be a qualified donee which would allow it to receive financing from charitable foundations. Within the cross-jurisdictional scan, attention will be given to the United Kingdom’s Community Interest Corporation (CIC) model for pursuing social enterprise. The CIC model serve as a potential option for creating a new hybrid corporate form supportive of social enterprise activity; the exploration of new corporate forms has been supported by various proponents and was a key recommendation put forward by the Canadian Task Force on Social Finance.

At its core, a social enterprise is about achieving a public benefit impact in an independently sustainable manner. For social innovation, the social enterprise model provides an outlet for new ideas and approaches to be grounded and developed. Just as the development of today’s modern corporate structures have sped the innovation for consumer goods and services, social enterprise offers a promising approach for the development of social innovations.

6.3.1.2 Social Finance

“Social finance is an approach to managing money that delivers social and/or environmental benefits, and in most cases a financial return. Social finance encourages positive social or environmental solutions at a scale that neither purely philanthropic supports nor traditional investment can reach.” – socialfinance.ca

“Social finance is really looking at finance through the lens of impacts beyond just financial return – looking at how finance can generate social and environmental dividends for society.” – Tim Draimin, Executive Director of Social Innovation Generation (SiG)

Interest in social finance has grown considerably within Canada, having attracted national attention in 2010 when the Canadian Task Force on Social Finance released its report
“Mobilizing Private Capital for the Public Good.” As noted in socialfinance.ca’s definition, social finance is characterized by seeking the attainment of primarily social and/or environmental benefits with a potential for financial returns, often on a modest scale. Tim Draimin’s description of social finance provides much of the same perspective, although it does capture an important comparison to standard financial markets that are focused on fiscal returns to demonstrate value; social and environmental dividends for society are brought to the same level of appreciation. Social finance presents the opportunity to support positive social and environmental impacts that, from a purely financial perspective, traditional financial markets may struggle to justify investment in. Traditionally, the volunteer and non-profit sector has depended upon charitable giving and government grants to meet its financing needs; however, given the ongoing economic climate and demographic changes, these sources are expected to plateau in support, if not decline on the whole. This leaves self-generated revenues as the only potential area for growth in the sector, such as those created by social enterprises or from financing provided by socially and/or environmentally conscious investors willing to step away from traditional financial markets to create impact with a public benefit. Just as Bay Street and Wall Street have linked investors to entrepreneurs with promising business ideas in need of financing, social finance is very much about linking social entrepreneurs and social enterprises with investors and financial tools that place a premium upon creating a public benefit.

A briefing produced by SiG and Causeway (2009) commented that social finance entails diversifying the available capital supportive of social, environmental, and financial returns through blended value enterprises, or those organizations that can be considered social enterprises. SiG and Causeway, in response to the question of why social finance, pointed to the need for new capital sources that are supportive of social enterprises working towards social innovation, creating or deepening their impact, and scaling successful ideas/approaches. SiG and Causeway also recognized the importance of ensuring that regulatory barriers did not impede the growth of social finance or social enterprise such as those already discussed concerning the Income Tax Act.

Ilse Treurnicht (2011), the CEO of the MaRS Discovery District and Chair of the Canadian Task Force on Social Finance, remarked that the importance of social finance is rooted in the basic linkages needed for advancing social innovation. Social finance can serve to prepare social entrepreneurs, as they become the creative leaders behind new social innovations, for tackling complex problems by supplying the necessary capital to make their ideas a reality. Treurnicht also made an important observation that grant and donation income is rarely supportive of long-term staff development or organizational sustainability; pressures for constant fundraising acts as a distraction from an organization’s mission, a common complaint in the volunteer and non-profit sector. For organizations, social finance strengthens resiliency, allowing them to focus on their missions, and it also creates opportunities for innovation, as it encourages growth and experimentation.

Social finance is very much in its early stages, but has tools such as social impact bonds, microfinance, Ontario’s new social venture exchange (SVX), and community bonds each finding their way into a broader Canadian discussion of this area. Social finance can serve to strengthen the volunteer and non-profit sector’s resiliency and create the conditions or supports that are conducive to social innovation.
6.3.1.3 Demonstrating Value

Demonstrating value is critical for a volunteer and non-profit sector wishing to display the worth of its initiatives. Demonstrating value is most often needed to meet accountability demands, but it can also lead to gains in learning that may assist the organization in planning ahead as social entrepreneurs gain a tool for recognizing opportunities and foreseeing challenges. Demonstrating value that is easily communicated can attract support for a social innovation; this may come in the form of volunteerism or financing. For the area of social finance to advance, it is critical that social entrepreneurs adopt and develop new methods capable of informing investors on how their financing has created a public benefit. The growing field of social value metrics has been at the forefront of this concern. For the volunteer and non-profit sector, success comes in far more than just a financial statement, although maintaining healthy finances will always have a place at the sustainable heart of any organization. Some form or level of performance measurement and/or program evaluation often accompanies funding available to the sector. It matters little whether financing has come from government, philanthropy, or otherwise, as volunteer and non-profit organizations are more often than not expected to meet accountability demands and demonstrate that their efforts are having the desired impacts on society. Communicating successes that are often intangible and sometimes years from being fully realized is difficult, and requires flexibility and learning by both evaluators and innovators.

For a new social innovation, demands for evaluation can prove especially difficult, particularly if the innovation is still flowing through its development stages when critical learning and refinement are taking place, often through trial and error. Robson (February 2011) highlighted the two different perspectives that social innovators and evaluators have towards a project, and why they almost naturally clash in opinion. Social innovators, and by extension a large number of volunteer and non-profit organizations, often consider evaluation requirements to be little more than a hindrance or nuisance that gets in the way of their real work. Some social entrepreneurs may develop a “zeal” about social innovation, with an attitude that certain organizations are too innovative to be evaluated; over the long run, such an attitude can lead to missed opportunities and cause gaps in knowledge or evidence, and actually be capable of hurting the case for a social innovation. Robson notes that leadership is critical to emphasizing the importance and worth of good evaluation and research, and to make them priorities in the day-to-day operations of an organization.

Evaluators, Robson commented, are prone to a perspective that makes it difficult for them to work effectively with social innovators. Whereas social innovators are driven to correct some perceived injustice or fulfill an unmet need, Robson recognizes that evaluators are driven by their desire to display causal relationships with as high a level of certainty as possible. The conflict between evaluation and innovation, as Robson articulates, is not an opposition by evaluators to the changes that social innovations are seeking, but instead their desire to predict accurately the direction and nature of any changes beforehand to allow them to plan how their research ought to be conducted. Social innovations address complex problems that cannot be observed, studied, or solved in a controlled lab or any other such environment, something which has proven especially frustrating for traditional evaluation techniques. New innovations often come after much learning and testing; in some cases social entrepreneurs may have to admit to themselves that they were wrong in charting a certain course if new learning leads to a change in thinking about how the social innovation ought to be delivered. Learning by doing is common
within the volunteer and non-profit sector as advances forward are made; this can obviously create space for conflict with evaluators. Evaluators will be frustrated by the frequent need for social innovations to learn by doing, particularly in the early stages.

Westley, Zimmerman, and Patton (2007) confronted the relationship between social innovation and evaluation directly by emphasizing that the early stages of social innovation can be especially ill-suited for traditional evaluation methods. Westley, et al. feared that traditional evaluation methods are simply too critical and judgemental for early stage social innovation and likely to hinder the creativity that is critical as the social entrepreneur finds their way.

“Many forms of evaluation are the enemy of social innovation if applied at the wrong time or in the wrong way. But serious social innovators want to make a difference, and need some way of determining whether what they are doing is actually working. The right kind of evaluation can be a powerful tool to help the social innovator stand still and take stock.” (Westley, et al., 2007, p.82)

Westley, et al. pointed to developmental evaluation as a new form of demonstrating value designed with the concerns of social innovation in mind, where a balance is struck that is mindful of the potentially stifling effects of traditional evaluation and its positive capability to inform. Developmental evaluation seeks to ask “the right evaluation questions at the right time,” and asks “them in a way that energizes rather than stifles social innovation” (p.82).

Jamie Gamble’s (2008) primer on developmental evaluation presents this new method of demonstrating value and builds from the reasoning first established by Westley, et al. that early stage social innovation should seek out new, alternative methods of evaluation. Traditional evaluation methods, Gamble observed, employ a linear approach that moves methodically from assessing a situation to compiling data for analysis, then devising and ultimately implementing the most desired strategy as a solution. This linear approach is fine and well-tested for problems that are understood with identifiable boundaries and limited possibilities, but not for problems that have no clearly identifiable short-term outcomes.

Complex problems, Gamble asserts, have created challenges for evaluators and problem solvers alike, because they require going beyond the well established models of evaluation and problem solving. Gamble goes on to discuss how social innovations often go back and forth between assessing a problem and reaching a solution, as continuing learning experiences reshape the innovator’s knowledge and understandings of the challenges (or variables) they are confronting. Developmental evaluation is suited for the social innovation process as it allows for exploration and puts a value on learning and organizational development for future success. Developmental evaluation allows for reflection and provides opportunities for evaluators in partnership with social entrepreneurs to ask important questions about how a process has unfolded, what new factors have been identified, or how old ones have changed, and going forward they may change course or reallocate their limited resources to best serve the social innovation’s mission. Developmental evaluation can perhaps best be viewed as a means to guide social innovations through their early stages until more traditional evaluation methods may be applied without hindering the necessary creativity for achieving the desired changes.
Because social innovations are developed by doing, an initial pilot will not be perfect and lessons will be learned along the way. Developmental evaluation takes this reality into account; traditional evaluation methods were not designed to consider ongoing innovation processes. The difficulty social innovation confronts in the evaluation field reflects its uniqueness as a form of innovation compared to scientific, medical, or even consumer products like the Dyson vacuum. John Dyson famously said that he built 5,127 prototypes over four and a half years, before getting the innovation he was seeking correct. In the meantime, each of his 5,126 failures acted as lessons that helped guide him in the direction he was seeking. The difference between John Dyson, a consumer products innovator, and a social entrepreneur, is that his lessons were learned in a controlled workshop or lab-type setting that allowed for a completed innovation away from the scrutiny and judgement of evaluations that would have frustrated the ongoing invention process. Social innovations may be initially conceived and planned one way, but much of their success and critical learning will come about through the practice of simply doing, which makes developmental evaluation an important model for the volunteer and non-profit sector and its partners to consider.

If developmental evaluation provides an answer for social entrepreneurs working to get their new initiative off the ground without having it become frustrated by ill-suited evaluation methods, then social value metrics may hold some promise for demonstrating the importance of a social innovation that has reached its critical mass. Golden, Hewitt, and McBane (2010) commented that success in a business environment is easily measured and understood using financial metrics, yet social value metrics have proven far harder to identify, quantify, and measure. Social value metrics though, as Golden, et al. discuss, have their merits for organizations seeking to demonstrate value; four reasons have been highlighted to explain why organizations seek to measure their impact:

1. To determine if they are making a difference.
2. To market to consumers and stakeholders.
3. To secure and/or maintain funding.
4. To improve their services and/or products delivered and their organizational processes.

Golden et al. also highlight three elements that social value metrics can track after an initial investment decision has been arranged. First, metrics can track an organization’s commitment to their mission, to provide assurance that it has not drifted off its intended course. Second, metrics can ensure investor returns are being communicated objectively for those investors who have taken a higher risk or agreed to lower returns, in the expectation that some public benefit would be achieved. Third, social value metrics can provide a funder with assurance that a social enterprise with a revenue generating arm, for example, does not compromise its public benefit mission. In addition to the work by Golden, et al. on social value metrics, Geoff Mulgan (2010) has also put forward some key observations for this area.

Mulgan identified the demand for developing social value metrics as coming from four sources:

1. Foundations that are working to ensure their grants are going to the most effective programs.
2. Public officials, including policymakers and budget officers, seeking to take account of public spending decisions.
3. Investors desiring hard data that is analogous to measures of financial profit.
4. Volunteer and non-profit organizations looking to demonstrate their impact to their funders.

There are considerable difficulties that must be confronted in the area of social value metrics, as Mulgan is quick to point out in observing that:

“**Their main obstacle is assuming that social value is objective, fixed, and stable. When people approach social value as subjective, malleable, and variable, they create better metrics to capture it.**” (p.38)

Mulgan identified three difficulties behind measuring social value. These are not new concepts to this report, but rather they reflect the uniqueness of social innovation and work of the volunteer and non-profit sector. First, the absence of any laws or regularities in the social field, like those found in the natural sciences, makes it difficult to predict the effects of an action exactly; for instance, a major cash infusion into an afterschool program will have some immediate benefits, but its less visible outcomes (e.g. strengthening a young person’s self-confidence) may not be attributable until years later. A second difficulty in measuring social value is that in many critical areas of social action, such as crime prevention, childcare, or schooling, disagreement persists amongst the broader population about what a desired outcome ought to resemble. This difficulty stems from differences in opinion around what our societal values should based upon; for instance, in the area of crime and punishment, there are opposing views on whether society should use imprisonment primarily as a means to serve punishment, versus a system designed to present convicts with an opportunity to move themselves beyond the mindsets and livelihoods that became the basis for their antisocial behaviour. The third difficulty in measuring social value, according to Mulgan, has to do with time, and attempting to estimate how much good an action may do in the future against how much it will cost to carry it out right now in the present.

Social return on investment (SROI) is a popular social value metric for established initiatives in the volunteer and non-profit sector. For social entrepreneurs, techniques such as SROI have the potential to demonstrate the value of an established social innovation with the potential for growth. By employing SROI, social entrepreneurs in the volunteer and non-profit sector can draw support and recognition for their work, adding to their resiliency in the process. SROI is a “blended value” technique that employs a cost-benefit styled approach to understanding the return on an investment not just using financial indicators, but also social and environmental indicators – hence the term blended value (Harji, 2008). SROI may be used for evaluative purposes, to assess previous performance, or to forecast how much potential social value may be generated when initiatives attain their anticipated outcomes. A well established SROI process within an organization can be used as a strategic planning tool capable of shifting decisions to areas that need attention and resources. No different than other social value metrics, SROI has its limitations and difficulties. These potential problems are something both social entrepreneurs and evaluators have to be mindful of when reporting any findings to funders, investors, or the general public.

Being able to demonstrate value is a critical ability for organizations in the volunteer and non-profit sector, especially those seeking to gain the support needed for pursuing social innovations. Yet it would be unreasonable to suddenly demand that organizations in the sector begin
developing and providing in-depth evaluations without additional resources. Most are already overstretched for resources – time and otherwise – and many would lack the expertise needed for such work. It is important to be mindful of existing capacities before creating new demands. Regardless of this, however, finding methods and techniques capable of demonstrating value is a crucial means of strengthening resiliency within an organization, and for individual social innovations as they work to draw support and to broaden their public benefit impact.

### 7.0 Scan of Resiliency Apps for Social Innovation

This scan identifies various examples of how social innovation has been supported in the volunteer and non-profit sector. The scan focuses upon examples of resiliency apps that are capable of setting the stage for social innovation, drawing upon examples from the United Kingdom, United States, and some Canadian provinces. Separated by the theme areas of social enterprise, social finance, and demonstrating value, the scan strives to make linkages for the reader with concepts already covered under the resiliency apps section in the literature review.

#### 7.1 Social Enterprise

As previously discussed, social enterprises come in various forms, running the gamut from an enterprising non-profit or charity to a social purpose business. No matter what model is adopted by the social entrepreneur, benefits and drawbacks will persist; however, efforts to develop new entities for social enterprise hold some promise. The following are examples of how social enterprise has been supported in various jurisdictions:

- **Community Interest Companies (CICs):** The CIC entity in the UK was first introduced in 2005 for organizations looking to provide a community benefit. This form of incorporation allows the CIC to be recognized by banks and other lenders; it also provides the financing option of issuing investment shares (although significant windfall payments to shareholders are not permitted). CICs have an “asset lock,” wherein at the instance of dissolution all assets must flow towards community benefit and not to the shareholders or other private interests. CICs are not registered charities and their net profits are taxed at corporate rates, primary reasons why charities do not convert to CIC status, although they can exercise the option of establishing a separate CIC entity with the intention of moving profits back to the charity via a donation that may be recorded as an expense for taxation purposes. The UK’s CIC regulator will approve CIC status after a “community interest test” has been passed that clarifies intended activities and any beneficiaries. Accountability to the community is an important facet of the CIC framework, with annual reports discussing a CIC’s community/public benefit over the previous year; to maintain CIC status, this public report is necessary and it must meet the regulator’s guidelines. The CIC structure has been beneficial for social enterprise purposes because it allows for a broader array of financing options than is available to a traditional charity. British Columbia has had consultations on introducing the CIC model as a form of incorporation that would help to spur the growth of social enterprises in that province. Part of the interest pushing for CIC adoption in BC is the opportunity to begin bringing in more private investment. Having a clear legal structure designed to enable the growth and existence of social enterprises will also serve to provide added legitimacy, as
well as guard against any doubts about whether one’s operations have run astray of taxation guidelines that were designed for traditional non-profits or private businesses.

- **Ontario’s Bill 65 – The Not-for-Profit Corporation Act, 2010:** This initiative was highlighted within the previously mentioned Mowat Centre report by Mulholland, Mendelsohn, and Shamshiri (2011) as it deals with regulatory barriers for enterprising activity in the volunteer and non-profit sector. Bill 65 establishes a “destination” test allowing non-profits to direct revenues toward their public benefit mission, providing a degree of flexibility that was previously lacking. Bill 65 also provides Ontario’s non-profits with a modernized legal framework addressing concerns around corporate governance and accountability, easing the actual incorporation process, providing more rights to board members, and improving personal liability concerns for directors and officers of the non-profit.

- **Edmonton’s Social Enterprise Fund (SEF):** Developed from a partnership between the Edmonton Community Collaboration and the City of Edmonton, with additional support coming from the United Way Alberta Capital Region and the Alberta Real Estate Foundation, SEF provides loans for social enterprise initiatives that are customized to the borrower’s needs, interest-bearing, and repayable to the fund. Since the loans are repayable, SEF funds can be cycled through; this has strengthened the lending power of SEF over time. SEF also provides development services to its clients, including seminars, direct engagement with their staff, and support for the development of feasibility studies and business planning.

- **Benefit Corporations:** Certified B Corporations offer a new type of organization aimed at establishing a corporate structure that uses practices from the business world to address social and environmental challenges. For an organization to be given B Corporation certification, they must apply to the B Lab ([www.bcorporation.net](http://www.bcorporation.net)), a U.S. based non-profit similar to the U.S. Green Building Council that oversees LEED certification (Leadership in Energy and Environmental Design). The newly announced Centre for Impact Investing, based in Toronto’s MaRS Discovery District, will serve as a hub within Canada to aid the growth of this model; there are currently twenty-three B Corporations in Canada. This model has been widely adopted across the United States; various American states, beginning with Maryland in 2010, have approved B Corp legislation, further legitimizing this organizational model. B Corporations are active in a diversity of industries such as food, apparel, attorneys, and office supplies. To emphasize the importance of positive social and environmental practices in their business, B Corporations must present a publicly accessible B Impact Report. According to the B Corporation website:

  “**B Corps, unlike traditional businesses:**
  1. Meet comprehensive and transparent social and environmental performance standards;
  2. Meet higher legal accountability standards;
  3. Build business constituency for good business.” (B Lab, 2012)
• **Enterprising Non-Profits (enp):** In 1997, enp started as a pilot project to support the development of social enterprises across the province of British Columbia in a collaborative effort begun by the Vancity Community Foundation, the Vancouver Foundation, and the United Way of the Lower Mainland (Enterprising Non-Profits, 2012). Initially helping ten non-profits develop their own social enterprises, enp today provides grants, technical assistance, and educational workshops for non-profits, with an interest in expanding into the social enterprise field. This model has expanded across Canada with the addition of enp Alberta, enp Toronto, and enp Ottawa. The four guiding objectives of enp are:

1. Support enterprise development.
2. Create a supportive public policy environment for social enterprise.
3. Enhance market opportunities for social enterprises.
4. Increase access to capital for social enterprises.

• **Social Enterprise Commitments in Nova Scotia:** In a speech at the November 2011 National Social Enterprise Conference in Halifax, Nova Scotia Premier Darrell Dexter spoke of the value of social enterprises to communities around his province (Dexter, 2011). The Premier commented that his government has engaged with Nova Scotia’s own volunteer and non-profit sector to make a path forward for social enterprise development. Premier Dexter’s stated goal is to “treat social enterprises like any other enterprise when it comes to accessing program and policy support, and funding.” Premier Dexter announced three initiatives that the Government of Nova Scotia would begin working on:

1. Improve access to capital for social enterprises.
2. Build support for more non-profits to engage in social enterprise.
3. Remove barriers to social enterprises from provincial legislation and policies (e.g. business registration and provincial procurement of goods and services).

### 7.2 Social Finance

The new and evolving field of social finance offers the prospect of innovative financing tools capable of aiding the volunteer and non-profit sector in supporting social innovation. The first social impact bond launched in the United Kingdom is a prime example of how society is reimagining its ability to fund the sector. Ontario’s new social venture exchange creates a fresh avenue to raise financing for social ventures in that province. The White House’s social innovation fund has drawn considerable attention, and criticism, yet it bears some mention here given its popularity. Another important example is the Toronto Atmospheric Fund established over twenty years ago to provide seed funding and venture financing for efforts to combat climate change.

• **Social Impact Bonds (SIB):** The first social impact bond launched in the United Kingdom in 2010 is aimed at supporting the improvement of rehabilitation services in the UK’s criminal justice sector. SIBs raise capital with the promise of a financial return on investment, providing that a positive social outcome is achieved. In the UK example, the cost savings accrued by the criminal justice system, if the participating non-profits are successful in lowering the re-offending rate by 7.5% or more, will be awarded to the investors out of the Government’s long-term savings, thanks to the work of the volunteer
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and non-profit sector. SIBs are a potential financing tool capable of awarding organizations with promising social innovations; they are, however, reliant upon the ability to effectively measure the costs saved by pre-empting future expenses to public services.

- **Ontario’s Social Venture Exchange (SVX):** An initiative of Social Innovation Generation (SiG) at MaRS, with support coming from Causeway Social Finance, the TMX Group Inc., and the Government of Ontario, the SVX is a regulated, impact oriented market that links social ventures, impact funds, and impact investors concerned with generating social and environmental outcomes. Still in its pilot phase, the SVX looks to generate funding for social ventures, develop listing requirements for the exchange, adopt a ratings system, and create an online platform for investor engagement. With the intention of eventually solidifying itself as a marketplace for impact investing, the SVX has the capability to help social entrepreneurs gain the financing to upscale their proven social innovations to attain greater levels of impact.

- **Social Innovation Fund:** The United States social innovation fund was launched in 2010 as a public-private investment tool to identify and support non-profits that have developed innovative approaches to solving problems in the broad areas of economic opportunities, youth, and health promotion. This social innovation fund has drawn considerable attention, although it does rely heavily upon the demand that significant financial resources are in hand with community partners, such that there is a $3 (private) to $1 (government) ratio. The fund also favours projects that pledge to use experimental design evaluations involving control groups to assess the effectiveness of their initiatives, something which can prove difficult or even redundant if the correct variables are not identified, in addition to the potential impacts of unknown variables. The social innovation fund has drawn considerable attention because its stated goal is to support social innovation through community-based initiatives.

- **Toronto Atmospheric Fund (TAF):** Established over twenty years ago, the TAF is mandated to help the City of Toronto reduce greenhouse gas emissions (City of Toronto, n.d.). This innovative fund was originally established based on the sale of the Langstaff Jail, when a portion of the proceeds were committed to supporting innovative solutions and approaches to climate change in Toronto. Over the last two decades, TAF has been a source of financing for a variety of ideas, including LED traffic signals, car sharing, and home energy efficiency initiatives. What is remarkable about this fund is that it takes no revenues from taxpayers and that the initial investment of $50 million has been kept intact thanks to voluntary advice from expert advisors. In turn, it is estimated that the fund has thus far generated some $55 million in savings on energy costs for the city.

- **The Resilient Capital Program:** Introduced by British Columbia Premier Christy Clark at the November 2011 B.C. Non-Profit Partnerships Summit, the Resilient Capital Program was developed by the Vancouver Foundation and Vancity. The Resilient Capital Program provides a $15 million pool of patient capital for social enterprises to apply for, with the goal of creating resilient communities. This program is a result of a collaborative effort between philanthropy, the financial sector, and government. This initiative started
with a grant from the Government of British Columbia to the Vancouver Foundation directed towards investment in social enterprises. From there, both Vancity and the Vancouver Foundation put forward $1.75 million each in first-loss revenues, with another $6.85 million being leveraged from among a dozen individuals and organizations through Resilient Capital Term Deposits with Vancity. The Resilient Capital Program will ultimately make financing accessible to social enterprises, including non-profits, cooperatives, mission-based for-profits, and First Nations’ ventures that traditionally have experienced difficulty in obtaining financing for their projects.

- **Royal Bank of Canada Commits to Social Finance:** Announced January 2012, the Royal Bank of Canada (RBC) became the first of Canada’s big five banks to enter into the social finance marketplace with the RBC Impact Fund. This new $10 million capital fund is meant to finance projects seeking to create a social or environmental impact. RBC has also committed another $10 million through the RBC Foundation for investments into socially responsible investment funds (Royal Bank of Canada, 2012).

### 7.3 Demonstrating Value

Demonstrating value is critical for social innovations seeking support and legitimacy. Given the often intangible outcomes that social innovation and the volunteer and non-profit sector deal with, finding effective ways to communicate value can be time consuming, frustrating and, if not managed properly, they may prove stifling to the innovative process. Developmental evaluation is an important tool for demonstrating value, and its emphasis on learning in action requires that traditional evaluators move out of their comfort zones. Interest in social value metrics has grown considerably and continues to do so; social return on investment remains one of the leading means to communicate the impact or cost savings that public benefit activities may generate.

- **Developmental Evaluation – YouthScape:** Based in Montreal, YouthScape engages marginalized youth for the purpose of providing a space for young people and adults, and opportunities for healing, empowerment, and engagement (Cawley, Freeman, & Ilkiw, 2010). Those involved in running YouthScape were initially just working forward without a defined plan on how to engage youth effectively. With the assistance of the McConnell Foundation, YouthScape wanted to take advantage of the learning opportunities provided by evaluation. They required flexibility within evaluation to be successful, and used a process over an eighteen month period in which developmental evaluators who were embedded within the organization were able to identify tensions or misunderstandings that may have otherwise derailed the entire initiative. Developmental evaluation allowed for the modification of program designs and training, brought together partners, and facilitated the open discussion of concerns. Developmental evaluation was adopted by YouthScape given the support that it provides to the social innovation process ongoing within the organization.

- **Social Return on Investment – Getting Out to Work:** Based in the United Kingdom, the Getting Out to Work (GOTW) program in Merseyside aims to assist young offenders in gaining long-term, meaningful employment (Nicholls, 2009). Despite not generating a financial return, GOTW is clearly capable of producing social returns that can be financially valued. Young offenders that gain the assistance of the GOTW program and
are successful in attaining work not only become contributing members of society (e.g. they pay taxes), but they also cease to be an expense on the criminal justice system. These financial gains, once calculated and balanced against the funding amount originally invested, can be understood as the social return on investment generated by the GOTW program. For every £1 ($1.55 CAD) invested into GOTW, there was an estimated social return of £10.50; the analysis suggested that after thirteen clients were placed into long-term employment situations, the government would have recovered its investment.

This scan has focused on presenting examples of resiliency apps that are capable of setting the stage for social innovation. Examples from the social enterprise scan focused upon putting new organizational models forward that better suit social and environmental outcomes as primary goals, while also offering the supports or guidance new initiatives need to establish themselves. Social finance presented social impact bonds as well as the social venture exchange, both new initiatives that offer the promise of simply doing things differently, while the Toronto Atmospheric Fund stands back as a tested model with proven deliverables. The Resilient Capital Program and RBC Impact Fund both demonstrate that social finance has entered a new stage of mainstream recognition within Canada. The examples provided by Montreal’s YouthScape and the UK’s Getting Out to Work program each illustrate the learning opportunities that developmental evaluation and social return on investment provide to initiatives seeking to deepen their impact. The examples presented here will be useful references as to where action may be directed and attention focused in building a resilient volunteer and non-profit sector.

8.0 Interviews

“The preamble to this discussion is around what does that (social innovation) exactly mean? Is there a broad-based knowledge across the province, either in government, or in the community, or wherever it needs to be, that really understands what we’re talking about when we talk about social innovation, whether it’s social enterprise or all of the other things that we talk about?” – Community Leader

During the interviews, it became clear that the key challenge around social innovation is the need to clarify what we are talking about. This view was communicated by those from both the volunteer and non-profit sector as well as within government. This report has sought to provide a knowledge foundation and a conceptual framework to relate how areas like social enterprise are linked to social innovation. Across both the sector and government, some confusion still persists around social innovation; some of this may be linked back to our traditional tendency to separate social and economic policy. In recent years this trend has begun to change, although old mindsets persist. The Government of Newfoundland and Labrador’s Poverty Reduction Strategy, Strategic Social Plan, and Community Accounts were each referred to by multiple interview participants as being indicative of a changing way for government to do business. One public servant commented that within government there continues to be huge gaps between economic innovation and social innovation, and that it has simply been easier for government to respond to economic processes than to understand the complex layers that are tied to social issues. This view quickly links to other issues that stood out during the interview discussions concerning how social innovation is acknowledged within public policy:
• Understanding what social innovation entails, how it is tied to innovation policy overall, and what the impact of the volunteer and non-profit sector is on our society.

• The understandably risk averse nature of government and other organizations that avail of public funding needs to be appreciated.

• The ill-defined nature of social innovation opens it for potential abuse.

• Confronting social issues requires long-term thinking and commitment that historically is difficult to obtain.

• The relevance of social innovation too many organizations in the volunteer and non-profit sector is a concern.

• Concerns about how both government and the sector use and understand evaluation remain a challenge. Increasing calls for accountability have the potential to create an environment that dampens or stifles innovation early in development. It is also believed that we need to ensure that the volunteer and non-profit sector can effectively demonstrate its value.

Each of the above points was raised during the interviews, many more than once and from individuals both in government and the volunteer and non-profit sector. Other important points focused upon the importance of networking, effective public consultation, and collaboration. These points and others will be addressed below, beginning with an overview of the comments made around securing the proper understanding of what social innovation is and the linkages that are needed with other concepts (e.g. social enterprise), and between social and economic policy.

Community leaders and public servants interviewed reflected that understanding of social innovation simply needs work. One community leader pointed to the lack of understanding across governments about the value of social innovation. The excerpt below communicates one public servant’s concerns and hopes to strengthen government support, while also identifying public policy challenges that tie back to the need for a better understanding of social innovation:

“I think we’re hoping to support it but I think there are risks...or fears that if we keep it too open-ended it can mean anything and everything, so we need to kind of set some parameters around what social innovation is to us as a province and the types of problems that it will respond to.”

This same public servant also worried about the potential reaction from the volunteer and non-profit sector, or at least the pressure that a new initiative, if not communicated properly, could create at the local level:

“If we create this big social innovation model then we’re really going to be kind of channelling organizations to be socially innovative, when I’m sure they are in many ways but they’re really going to be chasing the dollar, and I don’t think that’s good. I don’t think we should be making people or imposing social innovation upon people, I think they should be willing to identify some of their work that they are doing as innovative. But I worry that it could just become a funding pot, and every
organization would feel compelled to define what they do as being socially innovative and coming with new ideas. Some organizations are just highly efficient at what they do but it involves some tinkering, be it their community food sharing program or their breakfast program or their friendly visiting program. But I don’t think we should impose on them that they should change that, they need to demonstrate that what they’re doing is effective, but I don’t think we should make them change or show what they are doing as new.”

The above commentary makes an important point, and one that will resonate throughout many local community organizations that seek to satisfy an immediate or direct need. It would be a tragic circumstance if an active local food bank suddenly felt the need to reinvent itself for the sake of funding dollars. While the food bank and other service organizations should not be discouraged from pursuing new ideas and approaches, it would be a policy failure to create a situation where organizations feel obligated to chase the dollar and, in the process, potentially lose sight of their core mission. Any organization can innovate if the desire and need exists; for instance, one community leader spoke about the potential of a local community food bank to offer a work skills program for those who most often avail of their services. Government needs to improve its understanding of social innovation across the board, as the statement by a community leader below indicates:

“So the challenges are...levels of understanding around exactly what we’re talking about when we’re talking about social innovation....[T]he other challenge in government for, example, is there is still limited avenues around purposefully supporting that process of...identifying issue, identifying appropriate responses.”

Another community leader highlighted the concern that people may not stop to realize that social innovation is not a new phenomenon; it has happened in our communities in varying contexts for years, and it is important for policymakers to understand this.

“[D]oing it in a different context perhaps, doing it with a different group of players, you’re doing it with slightly different variations. So it’s not necessarily something new, it’s just all of the pieces that come to play bring different people.”

The view that government has to improve its appreciation for social innovation is also shared by many public servants familiar with the area. The traditional separation of social and economic policy, and the notion that innovation is really an economic concept, has created some barriers. As the four excerpts from interviews with public servants below indicate, an effort to better communicate the value of social innovation and its role within innovation policy overall remains a challenge:

“Government talks about innovation but not necessarily social innovation. Government has an innovation strategy but when you read that I think it’s more from an economic perspective.”

“You got to recognize what it (social innovation) is. Government as a whole doesn’t recognize what social innovation is, they don’t know if it’s fit to eat.”
“The problem with government is that it cannot be flexible enough to be hand-in-glove...with whatever the social need is because you’ve got policy, you’ve got...bureaucratic checks-and-balances that have to be there, we would not want it any other way. But it does lead to...gaps in understanding quite often.”

“Bridging the gap just generally between advancing innovation, be it industry innovation, economic innovation, or social innovation, and trying to elevate social innovation on somewhat of a level playing field within the general innovation agenda. It’s just quite simply the flip side of that coin, that they both co-exist and that they are the same thing, it’s that they’re appealing to sometimes a different audience. ...Social enterprise has that economic leverage to it; maybe that’s how we communicate the role of social innovation.”

These quotes reflect various concerns that public servants voiced, and communicate the difficulties social innovation confronts from within government. Government by its design is an organization focused upon the accountability of power and responsibility of duties. This institutional orientation is challenging for innovations of any kind.

Efforts to understand and promote economic innovation are well established and entrenched as part of innovation policy; the challenge for social innovation will be carving out its niche within that area. As one of the quotes above indicates, government simply cannot be flexible enough, and there are checks-and-balances in place that will cause frustration, but they also serve a critical purpose and that needs to be recognized. Educating the public service and government as a whole about social innovation will strengthen appreciation for this area and the volunteer and non-profit sector.

On the lack of an official definition for social innovation, one community leader had put forward the statement below, expressing the need for a safe space for discussion that would serve as a platform for creating awareness and identifying the value of social innovation. That same community leader also pointed towards the potential to infuse our conversations with a social innovation mindset, or rather a public benefit lens, which would create a change in government’s organizational culture.

“I don’t think it needs to be an official definition, but I think it would help people to have a safe space to have a conversation about what social innovation is, because I think one of the issues is there may be a lack of understanding, lack of awareness that people are actually doing it or not, and it also creates a space where it gives value to social innovation too. I think that’s one of the issues too: what good is it?

“In the same way that the housing and homeless sector or violence prevention have [policy] lenses or disability office have lenses, they’re only so good as the conversations that people are having actively around the tables. So it would be great to bring it out of the Voluntary and Non-profit Secretariat within government and embed it as a conversation within government decision-making. So...this idea or approach generates a public benefit and that community can play a key role in it could be a conversation at the Transportation and Works table, could be a conversation at the Child, Youth, and Family Services table, could be a conversation
Strengthening government’s understanding of social innovation will allow policy makers to reflect upon how the programs and policies they currently oversee may be re-imagined to better fulfill demands for improved social innovation supports. The comment by a community leader below showcases the perspective that many promising resources already exist within government but they were not developed with an eye to accommodating social innovation as an outcome. One area where this commentary may best be understood is through the accountability and evaluation requirements that accompany government support. Traditional evaluations do not fit easily within the social innovation process and may actually impede it, yet administrators are often held to evaluation demands with little room for flexibility. Efforts to better understand social innovation and evaluation needs are critical to making existing government resources conducive to social innovation outcomes.

“People always go to things like resources first, and I think on the government piece of this equation...I don’t think its lack of resources we’re suffering. It’s certainly how they’re (resources) arrayed on the table in terms of valuing social innovation...across government departments.”

The reality of the discussion on social innovation within Newfoundland and Labrador thus far is that it has been limited to a few interested individuals: those within the policy ranks of government as well as people from the province’s volunteer and non-profit sector. In addition to the already discussed need to increase understanding of social innovation within government, there is also a need to recognize that, for many people active within our communities and the volunteer and non-profit sector, the relevance of social innovation has not yet been understood, or it is simply viewed as outside their organization’s concern. One public servant commented on this state of affairs and referred to social innovation as very much being at this point an elitist concept that has not yet been communicated to or well understood by many organizations:

“In many ways social innovation has been an elite concept and an elitist discussion...not something that terribly accessible to a whole bunch of organizations, they wouldn’t know if it’s fit to eat.”

The reality that many continue to struggle with the concept of social innovation reflects the concern that if a major government initiative for social innovation is launched today, many organizations may simply feel compelled to begin redefining their work to match that initiative. Strengthening awareness of social innovation can address this, although time and examples at the community level will likely prove the best means to embed understanding of the value of social innovation.

Social innovation, just like other forms of innovation, involves risk taking, something which is ill-suited for the environment that government and many other publicly funded organizations operate within. Long lasting solutions to complex social problems will require taking some risk, something government officials have to accommodate and plan for; the attitude that anything short of a complete success is a failure is really a flawed response. As this report has already discussed, the importance of learning cannot be discounted. The three excerpts below, the first
two from community leaders and the second by a public servant, communicate the need for having to acknowledge some risk.

“This stuff comes from people taking risks; social innovation or social enterprise comes from taking risks and we are risk averse, for a number of reasons: one, it’s often public money; two, organizations don’t understand the actual business; and three, government doesn’t really understand what it is we’re going to do.”

“If you want innovation you have to free up and get away from tight narrow restrictions.”

“How much risk are people prepared to take? Are they prepared to step outside the traditional ways of doing things? How aggressive are we prepared to get?”

One area where government has clearly moved forward in recent years and taken on risk in the process is public consultations. One public servant interviewed considered government’s consultation approach to be socially innovative in at least two instances with the Poverty Reduction Strategy and the Youth Retention and Attraction Strategy. The public servant commented that government’s approach has changed in two ways: first, the very consultation process that had been undertaken was far more aggressive than anything previously done in terms of engagement, public involvement, or decision-making. Second, the very idea that government would go out into communities, targeting a specific issue and intending to get into the substance of a problem by seeking local input and knowledge, has been precedent setting. This excerpt communicates the public servant’s view that major policy initiatives today are expected to have some form of community input; it also points again to the need for risks:

“You don’t come forward with a major policy initiative without community involvement, and secondly any policy initiative that’s going to be effective has got to take some chances, got to take some risks, and ultimately that’s going to be the challenge.”

What increasingly appears to be a cultural shift towards consultation is in itself indicative that Newfoundland and Labrador may prove to be an excellent staging ground for future collaborative partnerships favourable to social innovation. One of the critical distinctions that sets social innovation apart from other forms of innovation is that its outcomes are dependent upon the relationship between the service provider and the service user; creating open lines of communication will be key to shifting the organizational cultures of institutions towards open and conducive engagement frameworks that recognize social innovation’s value.

However, there are concerns regarding public engagement that need to be addressed; if left unchecked the potential for disillusionment on both sides of the table is disheartening. One public servant sees public engagement as something we simply must get better at; the absence at times of true dialogue, though, can lead to frustration. The improvement of public consultations will be important for government to continue acknowledging the value that our communities, and the volunteer and non-profit sector, create. However, improvement will need to come from both sides, as these public servant’s comments below demonstrate:
“Government recognizes that problems are complex and it’s no longer that departments can operate in silos that they have to work across. But I think the next step... [is] we have to get better at public engagement. We do all these consultations and we’re on one side of the room and they’re on the other side of the room and we’re sitting there listening to them but there’s really no dialogue or engagement or decision-making.”

“[N]o dialogue in terms of this is the size of the pie, now what advice do you give to the Minister on how we’re going to divvy-up that size of a pie?”

Another factor that was repeated during the interviews as encouraging social innovation is the importance of networking. Arising from discussions with community leaders, it is evident that providing opportunities to simply discuss challenges and opportunities with other community leaders can advance learning, and potentially provide examples that, given some tweaking, may be introduced into a new community. Government officials can also gain from networking with their peers in the volunteer and non-profit sector, as it provides the opportunity to advance relationships and strengthen understanding, something that can prove critical when the time comes to provide advice on the value of the sector. The excerpts below from a community leader emphasize the importance that is placed upon networking opportunities, and their linkage to fostering social innovation:

“What are factors that lead to social innovation? One is rubbing shoulders with others who are not like you. I think it encourages people to think outside the box, think outside their own provincial self-interests, and so on.”

“If we’re going to foster social innovation in the province, we in the sector need to be encouraged to do a better job to collaborate, whatever that looks like, in the realm of social innovation. I don’t want to define it, but competition immediately comes up, and social innovation becomes a badge of honour to distinguish yourself from somebody else who isn’t socially innovative.”

Another area that is crucial for understanding both social innovation and the volunteer and non-profit sector is evaluation. As this report has already highlighted, demonstrating value is critical for the volunteer and non-profit sector and for sustaining social innovations, yet concerns abound from public servants and community leaders on the issue of evaluation. One public servant noted that volunteer and non-profit groups often spend too much of their time responding to funding opportunities and then more time satisfying the evaluation demands for another round of funding. This takes attention away from the organization’s activities which actually create the public benefits desired. If evaluation demands are out of sync with the capacity of an organization to respond to them, the result may be one driven by the evaluation demands and not the motivation to create a public benefit. The first two excerpts below relay views from public servants on the challenges around evaluation that organizations face when dealing with highly restrictive or demanding evaluation needs. The third excerpt is a public servant’s commentary on the relationship between evaluators and innovators:

“Problem is if you start too heavy down the road of evaluation, it’s the evaluation that dictates the product, not the result.”
“Currently the way they do a lot of evaluation is that it’s very restrictive in that you say you will produce “A” — you lay out your plans, you say you’re going to produce these outputs or outcomes, and actually the way evaluations are modelled today if you don’t produce those outputs/outcomes you’re essentially penalized. For something that needs to be socially innovative we have to realize that part of that process is being responsive to the environment [we’re] operating within, and that while on October 21st, 2011 there was a potential problem presented to you that you wanted to respond to, come December that problem may have changed, it may have grown, it may have receded, but as an organization you should find the tools that allow organizations (funders and recipients) to revamp and to ensure that they are comfortable meeting, and if that need changes they need to be empowered to change their tactics and not be penalized.”

“Innovation is harder to measure.... [T]he developers are ahead of the regulators.”

The need for evaluation frameworks that are supportive and not restrictive of social innovation is another concern. Both public servants and community leaders pointed to the potential of evaluation to act as a planning tool. One community leader saw evaluation and planning as being linked, and that without planning many volunteer and non-profit organizations may potentially fall into the trap chasing funding dollars. With regards to social innovation, planning was seen as important by the community leader because it allows for the visualization of logical next steps; it prepares people to seek out solutions to specific problems at the right moments and apply them to their own lessons learned.

During the interview one public servant struck out on a tangent of thinking that had not been previously mentioned; it serves as a thoughtful closing to this section. Despite the global economic recession in recent years, Newfoundland and Labrador has found itself in the unfamiliar territory of going against the economic grain, in a positive way. With the ongoing wealth of the province’s off-shore resources continuing to bear fruit, a profitable and growing mining sector, and now the promise of a new megaproject in Muskrat Falls, the province has moved towards unfamiliar territory with a labour skills shortage. For the communities at the centre of this economic growth, the social challenges that accompany boom periods will become needed areas of attention. Affordable housing shortages, probable increases in substance abuse (and with that domestic violence), stresses on families, and increased pressure on local municipal services will all play themselves out. The challenge for the volunteer and non-profit sector and government will be acting to counter the negative impacts of sudden economic growth which we know are coming.

“What’s going to happen here? Are we just going to wait for what’s going to happen and run around with a basket catching things as they fall out of the sky, or are we going to be aggressive from the beginning and say, ‘Okay, this is going to happen, you got 53,000 jobs and you’re going to create communities that you know have real growth and boom and all the real challenges that go with that.’”

As the negative aspects of economic growth appear, both the volunteer and non-profit sector and government will witness demands for services rising. There will be a need to ensure affected organizations are stable and resilient enough to meet the challenges that
will develop. On the other hand, there will also be calls for new ideas and approaches which both the sector and government will likely struggle to find. Understanding social innovation and the need for resiliency in the volunteer and non-profit sector can play a role in facing these challenges.

9.0 Discussion
This report set out to build a knowledge base for understanding social innovation in the volunteer and non-profit sector, and to provide a framework for going forward. The framework is provided in the next section as a set of guiding points for those engaged in this area within government and across the volunteer and non-profit sector. The work that has been presented up to this point delivers upon the commitments to build a knowledge base about the role of the volunteer and non-profit sector and social innovation as they benefit our society. Beginning with the background section, the reader was presented with information about both innovation and the volunteer and non-profit sector. Understanding the context from which innovation policy has traditionally been approached informed the development of this report, and prompted the recognition that many of our existing ideas and supports for innovation have been developed with either a business or science focused perspective. The volunteer and non-profit sector is a diverse mixture of groups with various interests and collectively they are confronting changes in our society tied to demographics, the economy, and blurring boundaries. These changes will be felt by the sector in two ways: first, they will influence the demands placed upon it, and second they will impact the sector’s capacity to respond.

The conceptual framework provided the fundamental thesis of this report and presented it visually in Figure 2: Conceptual Framework as it links critical concepts and demonstrates how they build towards social innovation. The conceptual framework presented the role of the social entrepreneur and recognized resiliency as being the area that public policy can impact to create an environment conducive to social innovation. The basic argument behind this reasoning has been that, try as we like, social innovation cannot be, for instance, a goal to be checked off of a list of commitments; the best government and society as a whole can achieve is to ensure a favourable system of supports exist that enable resiliency and eventual growth. Just as we have organized our economies to be as sound as possible or sought ways to encourage the growth of new industries, building resiliency has been a common theme in our society. If a different focus was taken, we could just as easily discuss regional economic development as building resiliency. The conceptual framework became the basis behind organizing the considerable findings of the literature review.

Social innovation is unique because its outcomes are so hard to quantify and its development requires, at times, leaps of faith bounded only by curiosity, and an unrelenting commitment to just do better, all the while sidestepping the scepticism of naysayers. This is what makes it so frustrating: social innovations have to occur in real time with exposure to real world events, dealing most often with people, not products or easily monitored lab experiments. People are individually complex, each carrying their own personal history, attitudes, perspectives, and relationships. All of these factors play into how an individual deals with the challenges they face, Today, just as in the past, the volunteer and non-profit sector continues to interact with vulnerable groups, striving to help these people reclaim or build their own resiliency as they face
life’s difficulties. In the end, it is hoped they will themselves contribute to their own communities and help others as our society strives to be vibrant and inclusive.

We know that social innovation is a good thing and a sign of progress, yet its occurrence is not something policymakers can simply request; we’ve been in this position before. In anticipation of a skills and knowledge based economy investments have been made heavily into education and training, such investments require long-term thinking. For our businesses to be competitive, we have established a legal and regulatory landscape without inhibiting new ventures or suffocating entrepreneurial aspirations that still protect citizens, workers, consumers, and the environment. A vibrant volunteer and non-profit sector supportive and capable of social innovation will need investment and an operating environment that feeds off the instincts of our social entrepreneurs that, once motivated, will be persistent in making their vision a reality. The challenge in providing an operating environment backed by a legal and regulatory landscape that is protective of our society’s well being is to ensure that it does not block or discourage the entrepreneurial behaviour that brings about social innovations.

Social innovation can occur without a resilient volunteer and non-profit sector; after all, it really depends upon having the right (motivated) people in the right places to keep pushing forward. But this report, and much of the discussion around social innovation generally, has been focused upon the question of how we can support it. Innovation is incredibly intangible, and depends greatly at times on culture and, of course, the precious entrepreneurs that are willing to see value in their setbacks and question how to build upon their successes. But from a public policy standpoint, that does not leave much to work with; we know that social entrepreneurs will benefit from what allies and assets they find along their journeys, and to ensure that social entrepreneurs do encounter an environment receptive to their ideas, a resilient volunteer and non-profit sector can help them reach their potential. Many social entrepreneurs are already visibly active within the sector, and recognize or deal with unique problems every day. Their own localized experiences and relationships make them incredible assets themselves. Empowering these individuals with the strength of a resilient volunteer and non-profit sector can enable them to pursue opportunities for implementing new social innovations or broadening the impact of existing ones.

Having an appreciation for the process of social innovation, regardless of how intangible it is, will help guide policy and program development decisions in the future. Ensuring a basis for informed dialogue that acknowledges that social innovation does not roll out or occur in a linear fashion is important. The two models that were presented focused upon differing but equally important perspectives: first, that of the social entrepreneur, and second that of a social innovation capable of systemic change. The social entrepreneur’s perspective (Figure 3) provides a critical appreciation for the challenges and frequent uncertainty that social entrepreneurs experience in their work. The systemic change model, by contrast (Figure 4), presented the development of a social innovation from the origination of the new idea or approach as it progressed towards initiating broad systemic level changes. Combined, both of the models provide a comprehensive overview that builds towards a critical understanding of the circumstances around which social innovations develop and the obstacles that social entrepreneurs confront.
As the literature review turned to the issue of supporting and fostering social innovation, creating operating environments where individuals are free to test and experiment with new ideas and approaches became the guiding theme. The creativity and entrepreneurial instincts that drive new innovations flow more naturally in open environments. Companies that are known for being hubs of innovation, such as 3M or Google, encourage employees to move beyond their conventional thinking and may do so as they are given the time and resources. It can be challenging for institutions that depend upon public financing to avoid creating restrictive environments with a focus on tracking activities and with the intention of meeting set outcomes. Such risk adverse qualities have their merits for public institutions, although what we consider to be legitimate outcomes would best be expanded to include learning, or rather the new knowledge we gain as we continue to confront complex problems that have no single source or solution.

It was mentioned how supporting and fostering social innovation crosses into areas of shared jurisdiction between the provinces and Ottawa, a matter that has gained attention with the growing social enterprise movement. At the moment, the regulatory environment for those leading social enterprises is far from clear. Some effort to clarify this would benefit the legitimacy of social enterprises greatly; regulatory frameworks, where possible, should strive to be as conducive to innovation and entrepreneurialism as possible.

The concept of resiliency apps presented in the report’s conceptual framework (Figure 2) was developed and applied to refer to any behaviours, actions, tools, movements, or methods capable of strengthening the resiliency of the volunteer and non-profit sector. As has already been stated, efforts to strengthen resiliency in the sector will create stability and capacity for innovation and entrepreneurialism.

Social enterprises may include a variety of entities as demonstrated in Figure 5: The Social Enterprise Spectrum, with the key distinction being an organization’s guiding mission and an overarching goal to create outcomes with a public benefit. Social enterprises take on what has been described as an uncomfortable position in the marketplace (Leadbeater, November 2007), as they are not either completely for or against the market. Social enterprises, though, do provide an important model for social entrepreneurs to exploit in their efforts to create sustainable impact. The approach taken towards innovation by social enterprises differs from private enterprises because their goals continue to look towards creating more public benefit outcomes. As a resiliency app, social enterprises are capable of creating the stability for existing organizations to expand their impact or to pursue new entrepreneurial and creative endeavours leading to social innovation.

While social enterprise focuses upon the organization and how it approaches its mission, social finance seeks to tackle the challenging issue of financing for social and environmental initiatives. Social finance looks at funding beyond the scope of just financial impact, to consider how finance may spark social and environmental returns that create a public benefit. The social finance movement shifts our own thinking beyond how traditional financial markets have operated, to present opportunities where creating positive social and environmental impacts can be justified; in other words, the focus of an investment decision expands beyond only financial considerations. Social finance is gaining increased attention at a time when the two traditional sources (charitable giving and government grants) of funding for the sector are likely to plateau,
or potentially decline, just as demands on the sector are set to increase. This leaves self-generated revenues (e.g. the social enterprise approach) and financing from investors seeking to create broad public benefits as the most promising areas for growth. Social finance at an organizational level strengthens resiliency and increases the focus on core missions while also creating opportunities for social innovation. This resiliency can in turn allow for opportunities to invest in an organization’s staff development, or even establish capital assets capable of long-term benefits, and the added resiliency that goes with such assets.

As a resiliency app, demonstrating value is important because it:

- Communicates the worth of an initiative.
- Is often needed in some form to meet accountability demands.
- Can lead to gains in learning with the promise of pushing the organization, entrepreneur, and innovation forward.
- Is something social entrepreneurs consider to be a critical tool for recognizing opportunities and foreseeing challenges. While some may view evaluation with reluctance, true social entrepreneurs seek out critical evaluation for the important learning and new knowledge that it can provide.
- Is the basis for finding new ways to easily communicate value which can in turn attract support, financial or otherwise, to new social innovations.

Conflict between social innovation and traditional evaluation methods need to be understood so that we do not make the mistake of asking too much too soon of innovations still in the development stages. Developmental evaluation has been put forward as an evaluation option that takes the social innovation process into consideration while simultaneously posing critical questions meant to help the development of the new innovation. Developmental evaluations will report on how an organization has been moving forward using the application of learning, for instance, as an outcome. The promise of developmental evaluation is that, if used properly with an embedded evaluator that acts in many ways like a facilitator whose neutral observer status allows for the posing of critical questions at the right times, the method will serve as a catalyst in the innovation process as opposed to slowing it down.

After a social innovation has been fully developed, more traditional evaluation techniques may be applied that will offer the social entrepreneur a great deal of information that will be supportive of their work’s development. However, even with the proper application of traditional evaluation techniques, the difficulty of properly communicating the value of what has been done will continue to challenge the social entrepreneurs and evaluators alike. Social value metrics such as social return on investment (SROI) seek to communicate the actual impact of an action or initiative. Social value metrics may be used to assess any potential need for the growth or expansion of the program being reviewed. Social value metrics also have the benefit of providing grant makers and public officials with a measure of accountability; they can fulfill an investor’s desire for hard data, and they allow volunteer and non-profit organizations a tool capable of demonstrating their impact.
The scan of resiliency apps highlighted examples of initiatives from various jurisdictions that served to create conditions favourable to furthering social innovation in the volunteer and non-profit sector. In the area of social enterprise, particularly promising resiliency apps from the scan look to establish clear models that are supportive of social enterprise objectives, such as the community interest companies or benefit corporations (otherwise referred to as CICs and B Corps, respectively). Social impact bonds present arguably the most innovative approach to creating social finance we have seen and, despite the questions and challenges which surround this tool, its potential benefits could be great. The social innovation fund in the United States, upon closer inspection, has clear failings and favours projects that can fit into experimental design evaluations which employ control groups, something that is very expensive and open to exposure from unknown variables. The Toronto Atmospheric Fund and the Resilient Capital Fund are both examples of how finance, when properly guided, can offer the type of strategic funding that would otherwise be difficult to obtain for organizations offering public benefit initiatives. Developmental evaluation, while new and outside the normal zone of traditional evaluations, takes into consideration that social innovations are unique and they have a need to adopt new lessons and knowledge or to make sudden (yet strategic) shifts in direction. Social return on investment seeks to communicate the value created, or public dollars saved, from the impacts of an innovation or organization during the course of its work.

The interviews conducted with community leaders and public servants were loosely guided by two sets of questions, one specific for each group, and yet similar themes were raised in the various discussions. Improving our collective knowledge of the challenges that social innovation confronts is needed from both government and the broader volunteer and non-profit sector. Innovation policies need to be more flexible and take into consideration the concerns of not just the private sector, but also the volunteer and non-profit sector. For instance, even in situations where non-profits may apply to programs that were essentially designed to support small businesses, what type of evaluations requirements will be requested? This is the point at which the need to ensure the presence of a conducive regulatory and policy framework comes into play; it also points to the need for a cultural shift or change of mindsets such that we accept the uniqueness of the problems and outcomes that the volunteer and non-profit sector deals with compared to its private sector counterparts.

The interviews also highlighted an underlying concern that a sudden shift in policy towards a new funding stream dedicated to social innovation, without some accompanying education, has the potential to create more harm than good. It would be an unfortunate policy failure if, for instance, community organizations with solid track records of delivering quality outcomes suddenly interpreted a new social innovation policy as meaning that, to qualify for funding dollars, they must now innovate for the sake of innovation. This perspective, not voiced in the literature, is an important one to remember as we progress forward with any policies and programs linked to social innovation.

One final point emerging from the interviews was the need to create some space for acceptable risk. None of this is arrived at easily; social innovation inherently involves some risk. This is an especially difficult proposition for governments, or indeed any group that is responsible for holding the public trust. Taking on some risk is often a necessity before we can realize the best of our possible outcomes; sometimes the risk is needed simply to define or realize the actual
problem. Government is characterized by its large hierarchically structured institutions that were designed with clear lines of accountability that serve very much to define how decisions, and thinking, are guided. By contrast, these rigid institutional structures act as a very poor fit for spurring creativity or innovation, and when it comes to supporting outside initiatives, these organizations have to fight the urge to impose stringent controls that suffocate the entrepreneur’s activity. In the area of evaluation, for instance, both developmental evaluation and social return on investment are still very new tools. It will take faith and confidence on the part of funders to pursue initiatives seeking to adopt and use these methods.

The deliverables of this report promised the development of a knowledge base capable of informing policy work, and to put forward a framework for social innovation in the volunteer and non-profit sector. The findings section has provided a knowledge base built upon an extensive literature review, jurisdictional scan, and interviews. As this work goes forward, maintaining its relevancy will remain a challenge; for most people, including many that are active at the grassroots of the volunteer and non-profit sector, this material seems out of touch, and so making it relevant is crucial. During the interviews, one community leader spoke of “social purpose furniture” as a model of social innovation and enterprise; what this language really does is adds a new perspective for understanding. For example, consider the opportunities to support social enterprise that exist in the public procurement process; if, for instance, a vulnerable population (e.g. new Canadians, troubled youth, etc.) were engaged and provided training, then the process itself would become the innovation. There is nothing special in the production of furniture, but we can, with a social enterprise approach, initiate a value-added process that trains and employs those who most need it and, in the process, build a society that is more inclusive. The social returns of such an investment can be measured through potential savings to our social safety net and healthcare system, while the contributions of these newly strengthened individuals will add to our society’s resilience.

When people discuss social innovation, the first question usually leads into a debate about what is social innovation; in this report, as in other sources, it has broadly been termed as a new approach or idea that creates a public benefit. There is also an underlying attitude that this is something completely new, when in reality social innovation branches off our traditional associations with innovation. Unlike business or scientific innovations with their tangible outcomes, social innovation deals in the intangible; the individuals who finance the innovation are rarely the primary beneficiaries, and the tools we have used to quantify success in other fields are ill-suited for communicating the real value generated by social innovations. These are considerations which have been voiced within this report as it has looked at social finance and demonstrating value. We should not be placing our attention on how we define social innovation, but rather considering what our society deems as innovation. This quickly breaks down into a discussion of where our values, and attention, as a society rests.

We know that in the coming years our greatest challenges will require responses with an understanding of complex issues. It is one thing to say that we have an aging population, but it is quite another to begin dissecting what that will mean for the provision of services. We know the demands to our healthcare, pensions, and home care systems will increase dramatically, but there are still those hidden problems linked to needs for more age-friendly housing, transportation, and inclusion, among others, that will need creative approaches and fresh thinking. Our thinking
around innovation needs to evolve to include social innovation and a progressive volunteer and non-profit sector.

All of this leads to an increasing need for a framework for social innovation in the volunteer and non-profit sector. The framework brings together five points that are broad in scope, yet they seek to create a common language moving ahead in supporting social innovation and fostering a resilient volunteer and non-profit sector.

**10.0 A Framework for Social Innovation in the Volunteer and Non-Profit Sector**

Supporting and fostering social innovation in the volunteer and non-profit sector will demand action in a number of areas. This report has presented resiliency as the factor that can be influenced by public policy to create mechanisms supportive and fostering of social innovation in the sector. Creating conditions for innovation inevitably involves discussions on a broad range of areas such as finance, evaluation, performance measurement, organizational models, and other tools that strengthen resiliency. This framework is intended to be an alternative capable of heading off the possibility that a patchwork set of responses will develop, addressing singular issues yet failing to link into an overarching theme or vision. The five points that this framework touches upon are broad in scope yet share common areas of impact. This framework has not been designed to signal or dictate specific changes, but instead to structure our conversations going forward in this important area. Separately each of these five areas are very important, although the real goal that ties all of this together is the desire to witness a broad shift in how people think about not just innovation, but the work of the volunteer and non-profit sector.

The opportunity to deliver a public benefit should be the driving force behind each of these five points. **Resiliency** will allow the volunteer and non-profit sector to continue its good work, overcome adversities both expected and unseen, and provide opportunities to foster new social innovations when those moments arise. **Innovation Policy** needs to be more inclusive; social innovation should be part of ongoing innovation policy discussions, as an equal that is capable of delivering its own unique outcomes. **Awareness** of what makes social innovation distinct, and preparing people to recognize it, is critical to increasing support for public benefit initiatives. Closely attached to awareness would be a move towards **In-Line Expectations**, providing opportunities for us to continue reimagining how evaluations are done and what outcomes are deemed to be worthwhile, including the importance of learning. Ensuring that we have a **Facilitative Regulatory and Policy Environment** will allow new models of resiliency such as social enterprises the stability to grow their public benefit impacts, or likewise provide the traditional charity with peace of mind that their activities are not accidentally running amiss of what often reads as bureaucratic jargon. **Healthy Collaboration by All** will advance the appreciation we each have for the work of our peers, be they across the volunteer and non-profit sector, government, business, or academia, as well as articulate the real concerns of those vulnerable populations that we seek to care for and benefit.

This framework recognizes that community and government must go forward both independently and other times in tandem, as we develop a shared knowledge of social innovation.
through practice and learning in Newfoundland and Labrador and what supporting it means for our province and its volunteer and non-profit sector.

**Resiliency** strengthens the foundations of the volunteer and non-profit sector, creates stability, and fosters conditions favourable to unleashing the creative and entrepreneurial instincts of our social entrepreneurs. We achieve resiliency after we take actions that build or reinforce the capacity of the sector in some way. This may occur at the individual or organizational level, and it will allow thinking beyond the short-term, with a focus beyond existing activities possible without distraction by another crisis; when opportunities to pursue innovation arise, they can be ready. This report has presented the resiliency apps of social enterprise, social finance, and demonstrating value, as each provide their own contributions that strive towards a more resilient volunteer and non-profit sector. The importance of other resiliency apps, including volunteerism, strategic planning, risk-taking, flexibility, and others, all lend their support to an environment conducive to social innovation. In their own ways, each of the other points in this framework trend back to the theme of creating a resilient volunteer and non-profit sector. Just as we have sought to create environments conducive to the growth of science and business, striving for a resilient volunteer and non-profit sector will advance the public benefit the sector contributes to the fabric of our society.

**Innovation Policy** across government needs to be cohesive; there should not be competing streams that create the risks of splitting all forms of innovation distinctly, or mistaking support for one form of innovation as support for all forms of innovation. As this report has demonstrated, social innovation is unique in the problems it confronts, the processes by which it may unfold, and the types of outcomes it creates. Social innovation identifies with other forms of innovation because many of the same elements are present, starting with risk and creativity. The talents and dedication of the leaders that bring new innovations to scale and make them useable are found in the entrepreneurs of each field; while their causes may differ, they share similar personality characteristics that drive their individual success. We need to approach innovation policy with a broader mindset if social innovation is to be placed on a level equal to its peers. We need to be mindful of what makes social innovation unique; the fact that our learnings often have to happen in real time and in the public eye, that every service provider and user carries their own concerns, and that full outcomes may not be known for years and be difficult to link to past initiatives are all considerations needed for pushing social innovation into the ongoing public policy discussion surrounding innovation.

**Awareness and In-Line Expectations** will disperse the misunderstandings capable of frustrating efforts to advance both social innovation and the resiliency of the volunteer and non-profit sector. Awareness will create an opportunity for sparking a dialogue driven by the strength of a shared knowledge capable of setting the stage for an improvement in what our expectations are for demonstrating value. Recognizing how social innovation stands apart from other forms of innovation is crucial to successfully fostering it within the volunteer and non-profit sector, just as we need to appreciate what makes the sector unique if we are to build its resiliency. In-line expectations can be informed by methods such as developmental evaluation or social return on investment which communicate the ongoing learning or value a social innovation is achieving. The volunteer and non-profit sector serves society and it is important that we do not lose sight of this; hence, concerns surrounding transparency and
accountability need to be taken seriously but they should also be reflective of the sector’s achievements while limiting the negative impacts that overly burdensome reporting rules may place upon an organization. For many, social innovation remains an elusive concept, and yet to increase support for social innovation increasing awareness remains crucial.

Facilitative Regulatory and Policy Environment assures the volunteer and non-profit sector that it is moving forward within a jurisdiction wishing to embrace the sector while providing it with effective regulation and policies that protect all stakeholders without inhibiting social innovation. Just as efforts have been made to produce a regulatory and policy environment conducive to the growth of business, this point intends to highlight the same matters for the volunteer and non-profit sector. Both federal and provincial governments retain some authority over how the volunteer and non-profit sector may conduct itself, yet no clear intergovernmental process is in place to allow for direct dialogue on sector-focused issues which rarely draw the type of attention that private sector concerns may receive from the media. This report pointed to social enterprise as being a promising model which the sector may continue to adopt to strengthen its resiliency and achieve sustained impact. Yet without clear guidelines, those operating social enterprises may feel as though they are walking a tightrope or missing opportunities to broaden their impact or gather support. While it has faced some criticism, efforts in other jurisdictions to create new methods of incorporation, such as the Community Interest Company, have at least provided interested social entrepreneurs with a distinct set of guidelines or a model moving forward. Not only should we be mindful of how we may make our current regulatory and policy environment conducive to creating a resilient volunteer and non-profit sector, but we should also be conscientious of the role that regulation and policy play in crafting an environment that allows social innovation to be fostered.

Healthy Collaboration by All is essential to the success of the volunteer and non-profit sector and the social innovation process. Healthy collaboration, not just between governments and the volunteer and non-profit sector but also within, or rather across, government, and for those within the sector, will prove fruitful for identifying both the opportunities and challenges for social innovation. Collaboration also opens the process to bring in stakeholders from outside government or the volunteer and non-profit sector to include municipalities, business, schools, local health or law enforcement authorities, and different service users from all walks of life. This report discussed complex problems and how numerous factors, both known and unknown, play into any situation. Collaboration can link the right individuals together as they seek to develop the best responses possible. Collaboration was repeatedly raised during the interviews as an important force for driving innovation, particularly when addressing issues at a community level. The need for partnerships and playing off the strengths of partners can lead to outcomes that previously may have seemed out of reach. Targeting a single issue and bringing it to the public for input can prove incredibly fruitful. Suddenly, perspectives that previously went unheard, such as those from front-line staff or service users, are being voiced, and real frustrations caused by existing systems are being addressed. Such dialogues can also present opportunities for new partnerships or actions that previously had not been considered. Collaboration and consultation are often linked, although a desire to commit to one does not necessarily translate into a need for both, and other times one may simply lead to another as a matter of process. We need to be clear in our intentions when setting out to do consultations; they can easily create expectations that are simply unattainable or
lead to disillusionment amongst those outside government at what may appear to be a process of continual consultation or facilitation with little concrete action. Collaboration can also be linked to the concept of co-production, as any outcomes are dependent upon the actions of not just those in government or the volunteer and non-profit sector, but also those they seek to serve. By working with and not just for the vulnerable people in our society, we can more quickly identify those previously unknown factors that can now be addressed; sometimes they may be very simple. Collaboration has the potential to connect social entrepreneurs with critical allies and to highlight to those working in government or the sector the localized opportunities and challenges that social innovation faces in Newfoundland and Labrador.

This framework for social innovation in the volunteer and non-profit sector is designed to provide an overarching vision for any future policy responses which, given the broad nature of this area, will likely come from numerous sources both within and outside of government. Ideally, any future policy actions will benefit any work that has already been done to prevent redundancy and to avoid potentially mixed messages. This framework complements other work that has been presented in this report, while outlining a vision for going forward in supporting and fostering social innovation in the volunteer and non-profit sector.

11.0 Final Remarks
How we initiate the ideas put forward in the framework for social innovation in the volunteer and non-profit sector will require recognizing it for what it is: a common vision. Supporting and fostering social innovation will require work across, and within, all sectors.

Drawing from the interviews, we are already aware of some of the challenges people expect in this area. We ought to be weary of sudden shifts in policy with the potential to do more harm than good if not executed properly. Acknowledging the role of risk and the importance of long-term thinking for supporting social innovation is important. It is also important that we guard against efforts to be critical of social innovation’s intangible outcomes or efforts to narrowly define the area in general; to do so would be counterproductive to allowing the space for the creativity capable of sparking innovation. Yet with that said, we need a clear space where we can talk about social innovation but without – as one interviewee put it – some parameters, we put ourselves at risk of allowing the meaning and subsequent discussion to become so open-ended that it may prove fruitless.

Collaboration, consultation, and networking are all critical, given the importance of interaction not only for supporting and fostering social innovation but also for the very process of social innovation. Remember, an important distinction of social innovation is that its outcomes are strongly influenced, if not determined, by the relationship between the service user and the service provider. Dialogue from front line staff to decision makers, whether they are within the organization, an outside funder or policymaker, has strategic importance if awareness and expectations are to be in-line with the realities being dealt with on the ground.

Finding the means to encourage healthy collaboration can achieve higher levels of awareness, which translates into better expectations for demonstrating value and understanding the outcomes of the volunteer and non-profit sector. Both increased collaboration and awareness
together are capable of setting the stage for policymakers and the public to recognize the importance of having a facilitative regulatory and policy environment for the sector. Increased collaboration and awareness can also help bridge the divide that is often witnessed between social and economic policy and, in the process, position us to better structure how innovation policy is developed. Bringing social innovation and a stronger knowledge of how the volunteer and non-profit sector can demonstrate value will make innovation policy more inclusive and allow it to reflect the needs of our society more accurately. After all of these pieces, we are left with the first piece of the framework, resiliency.

If we work for to achieve healthy collaboration, stronger awareness and in-line expectations, a facilitative regulatory and policy environment, and an innovation policy that is conducive to social innovation, efforts to build a resilient volunteer and non-profit sector will have been made. That resiliency, as it has been stated in this report already, will create the space required to let creativity be fostered, just as it will support independent risk-taking. At this point, opportunities for supporting and fostering social innovation begin to arise; we just need to get there.
References


Appendix 1: Definitions of Social Innovation

Geraldine Cahill

“Most simply, social innovation is about new ideas that work to address pressing unmet needs.” (2010).

Canadian Task Force on Social Finance

“An initiative, product or process or program that profoundly changes the basic routines, resource and authority flows or beliefs of any social system (e.g. individuals, organizations, neighbourhoods, communities, whole societies). The capacity of any society to create a steady flow of social innovations, particularly those which re-engage vulnerable populations, is an important contributor to overall social and ecological resilience.” (2010).

Centre for Social Innovation, Toronto

“Social Innovation refers to new ideas that resolve existing social, cultural, economic and environmental challenges for the benefit of people and planet. A true social innovation is systems-changing – it permanently alters the perceptions, behaviours and structures that previously gave rise to these challenges.”

Or, “A social innovation is an idea that works for the public good.”
(http://socialinnovation.ca/about/social-innovation)

Mark Goldenberg

“The term ‘social innovation’ is used to denote 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.” (2004).

“[S]ocial 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.” (2010).

Geoff Mulgan

“Social innovation refers to innovative activities and services that are motivated by the goal of meeting a social need and that are predominantly diffused through organizations whose primary purposes are social.” (Spring 2006).

Geoff Mulgan with Simon Tucker, Rushanara Ali, and Ben Sanders

“Social innovation refers to new ideas that work in meeting social goals.” (2007).
Robin Murray, Julie Caulier-Grice, and Geoff Mulgan

“...we define social innovations as new ideas (products, services, and models) that simultaneously meet social needs and create new social relationships or collaborations. In other words, they are innovations that are both good for society and enhance society’s capacity to act.” (March 2010).

James A. Phills Jr., Kriss Deiglmeier, & Dale T. Miller

“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.” (Fall 2008).

Policy Research Initiative, Government of Canada

“Though there is a clear sense that ‘social’ innovations are changes that generate benefits accruing primarily to society as a whole – unlike other (‘economic’ or ‘business’) innovations whose benefits may be said to accrue primarily to private individuals – there is much less consensus over the extent or magnitude of impacts such innovations must have to be considered proper ‘social innovations’.” (March 2010).

“Social innovation – viewed as changes designed to tackle root causes rather than just responding to immediate needs – was seen as gaining importance because it offers hope of new or alternative ways to address intractable problems as poverty and exclusion.” (March 2010).

Social Innovation Generation (SiG)

“Social innovation is an initiative, product, process, or program that profoundly changes the basic routines, resource, and authority flows or beliefs of any social system (e.g., individuals, organizations, neighbourhoods, communities, whole societies).” (Cahill, 2010).

Social Innovation Policy Tour 2009

“Social innovation assumes a world where ultimate good in society can be not only imagined, but also created. It is an initiative, product or process that profoundly changes beliefs, basic routines, resource and authority flows of any social system in the direction of greater resilience. Successful social innovations have durability, impact and scale.” (Social Innovation Generation, Causeway, & Volans, 2009).

Frances Westley

“Social innovation is an initiative, product or process that profoundly changes the basic routines, resource and authority flows or beliefs of any social system.” (October 2008).