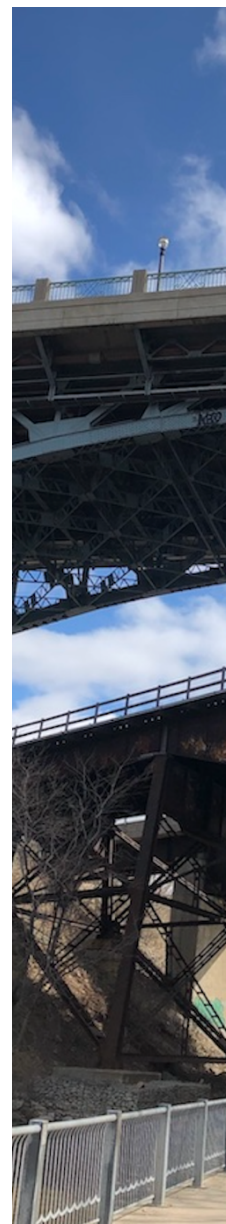


Canada's Social Innovation Ecosystem

Sandra Lapointe & Andrea Nemtin



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Canada’s Social Innovation Ecosystem

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Canada's Social Innovation Ecosystem

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CANADA faces significant social, environmental and financial challenges. Such challenges - for example, poverty and homelessness, youth unemployment, demographic change and the marginalization of certain populations - require creative thinking and collaboration due to their complex, multi-layered nature. They call for social innovations that explore new approaches to building resilience, fostering inclusions and enhancing sustainability.

The Right Honourable David Johnston
28th Governor General of Canada

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Convening a Discussion on Canada's Social Innovation Ecosystem

While social innovation is not a new concept, as a field of practice it has matured. Social innovation approaches are designed to address complex challenges, and this capacity has increasingly attracted the attention of policy, education and research stakeholders. Global challenges and complex, wicked social problems require solutions that recognize the multiple layers of an issue and work on its root causes. As such, they require social systems innovation and the ecosystems across which these solutions are deployed need the capacity to support social innovation processes from start to finish. This much is increasingly clear.

On May 17, 2023, *Social Innovation Canada* and *The/La Collaborative* hosted a workshop to establish the foundation of a multi-stakeholder narrative and vision for "Canada's Social Innovation Ecosystem." The workshop brought together:

- Boundary-spanning enablers of social innovation with provincial and national mandates
- Nonprofit associations and community foundations leaders
- Social Innovation practitioners from innovation labs, hubs and research centres
- Community-engaged learning and research university leaders
- Indigenous stakeholders' representatives

The purpose of the workshop was specifically to build on key learnings and evidence pertaining to the needs and capacity in the social innovation ecosystem, to clarify the role of strategic convenors and intermediaries as enablers, and to produce a narrative that articulates the mutually reinforcing roles of enablers and actors required for tackling systemic challenges and wicked problems.

The discussion built on broad agreement that systems-level capacity for social innovation requires intermediaries that can coordinate and support relevant organizations, deploy tools and platforms to support partnerships and facilitate knowledge exchange. This emergent consensus is supported by evidence on the importance of connectivity in understanding and addressing problems rooted in

complexity. The knowledge on which we build is documented in (Lapointe & Boss 2023).

The convening also drew attention to the lack of conceptual clarity that afflicts talk of 'social innovation' and impedes alignment on strategy and policy. These ambiguities create conversational breakdowns and missed opportunities for collaboration.

Below is an analytic summary of the discussion that revolves around three key questions:

- How is the concept of social innovation best defined?
- How should the resource flow toward R&D and Innovation be adjusted to make place for social innovation in national strategy?
- What is the role of enablers and intermediaries in the social innovation ecosystem?

This summary may serve as a discussion paper for anyone interested in these issues. More information is available through the [Canadian Forum for Social Innovation](#).

What is Social Innovation?

Clarity on what the term 'social innovation' means is indispensable in the effort to generate narratives around which responses to global and persistent societal challenges can cohere. Accessible and easily digestible definitions can help create cohesion, allowing people to rally and organize through shared visions of approaches and objectives. That definitional concerns still play a considerable role in discussions of social innovation is not surprising: it reflects tensions and disagreements that pervade the academic literature. (Ayob, Teasdale, and Fagan, 2016)

On the one hand, "functionalist" accounts of social innovation see it as aiming to create utilitarian societal value on a model that is standard in business theory. The definition from Phills et al. (2008) is often cited as representative of the functionalist approach:

[A social innovation is a] novel solution to a social problem that is more effective, efficient, sustainable, or just than existing solutions and for which the

value created accrues primarily to society as a whole rather than private individuals.(Phills et al. 2008, 36).

Functionalists focus on the output and outcome of innovation: social innovations accrue value in the social space or to society as a whole; they are often enabled by social enterprise and social financing.

On the other hand, more recent approaches to social innovation assume that solutions to wicked problems require an intentional re-shaping of power relations across the ecosystems addressing a particular issue; through this, the possibility of systemic change can emerge. Along those lines, *Social Innovation Canada* and *The/La Collaborative* embrace a “transformationalist” account of social innovation as an intentionally designed approach to drive social systems changes and address root causes of complex human and societal challenges.

The persistence of unease around definitional matters highlights the importance of aptly navigating the ambiguity for the purpose of articulating a clear vision for a national or regional social innovation agenda. Examples of the ways in which ‘social innovation’ may be either misunderstood or understood differently are common. Additionally, public perceptions often differ from those of academics, community groups, social service organizations, practitioners and/or government stakeholders. Disagreement and misunderstanding in some cases are the result of a lack of awareness: those engaged in “social innovation” may fail to describe themselves or their work as falling under that description because they are unfamiliar with the concept.

In all these contexts, a clear understanding of the difference between the production of social innovations as functionalists understand it and the process or effort to create systems-level social impact through innovation is fundamental and will require intentionality. Functionalist and transformationalist approaches to social innovation need to co-exist: transformation at a systems-level is compatible with more traditional and functionalist social innovation processes at a local level. A systems approach to social innovation is not inconsistent with functionalist approaches to traditional innovation that scale through commercialization and mass adoption. But addressing complex problems and global societal challenges does require both. Specifically, political legitimization and the creation of an institutional culture that is conducive to systems-level change are important factors in the effort to increase the impact of transformational social innovation (Lenz and Shier, 2021).

Why getting the concept right matters

Definitional issues, and their upshots, are not merely semantic. While innovation is happening locally, it is consistently underfunded and undervalued and in such a context, a functionalist approach to innovation might seem more manageable, even if it means not being able to achieve systems-level impact. To attract more resources for transformative programs, policies and social systems innovation, stakeholders need to be in a position to effectively articulate their approach and their understanding of the change they are seeking to create.

Conceptual clarity is one aspect of what is required to organize and advocate for change and support for social innovation. The failure to articulate the compelling power of this approach, which seeks to address systems-level issues through adequate technologies, programs and policies may hamper funders, policy and decision-makers' ability to internalize and operationalize the concept. The result is a lack of resources to address our most urgent and pressing challenges. To meet social impact needs, all social innovation stakeholders must be mobilized. A shared narrative that provides the rationale for action needs to be multifaceted, flexible and adaptable as different audiences will benefit from an account of social innovation that speaks to their specific position, assets and interests in the ecosystem.

Building an inclusive narrative

While a narrative around social innovation should aim to establish a unified understanding of what social innovation can achieve, flexibility and nuance are perceived to be crucial to move between spaces, span institutional boundaries and create alignment across stakeholders who might use different frames of reference or adopt different values. But more importantly, a narrative around social innovation needs to be inclusive. Inclusion is a vector of innovation: it needs to be front and centre in capacity building efforts. Specifically, an inclusive innovation strategy needs to build on an equitable, inclusive approach to engagement.

Concretely, this means including the perspectives, knowledge and expertise - tacit or explicit - of *all* stakeholder organizations, and of community partner organizations in particular. To achieve equity, co-design must accommodate the constraints of

community partners who are often already stretched beyond capacity due to lack of resources. In the wake of the Covid pandemic, community organizations face increasing demand, staff shortages, risk-averse boards, and inflexible funding structures. These constraints make it harder for community partners to think beyond the next grant or their community's immediate needs, towards long-term or high-level systems strategies. Without adherence to community organizations' needs, it limits their ability to be involved in the longer-term planning and collaboration around social innovation.

Including stakeholder perspective is all the more relevant given that context (historical, political, institutional) can influence the degree of support for social innovation in a community. Relevant dimensions of the context should inform the way in which social innovation is positioned, and this requires insights into, e.g., history, lived experience, as well as 'on the ground' expertise.

Engaging with community-stakeholders in the development of a narrative that does not put undue pressure on their other commitments is indispensable. The effectiveness of a concerted narrative depends on the extent to which it resonates with how communities themselves view and value innovation, as opposed to building on uninformed and prejudicial assumptions concerning what communities want and need.

Capacity and the Flow of Resources for Social Innovation

Most organizations in the social innovation ecosystem - especially front-line organizations addressing on-the-ground wicked societal issues - lack the resources and capacity they need to effectively support and foster innovative solutions. In such a context, building capacity to apply innovative approaches is itself a challenge that requires transformational social innovation.

The need for increased capacity occurs at three levels:

- Individual (e.g., skills)
- Organization (e.g., increased resources and apt strategies)

- Systems (e.g., effective policies, mental models, resources, connectivity)

To support a clear course of action, there needs to be clarity on what building capacity for social innovation at each level involves. To do this requires mapping current resource flows.

Identifying and drawing on resources across systems is required: wicked societal problems are interconnected and complex, necessitating solutions that attend to their multiple jurisdictions all at once. But the need to attend to systems-level capacity for transformation is often rendered irrelevant by the immediate demands placed on frontline organizations. Social sector organizations cannot currently benefit from the resources they need to partake in Canada's innovation ecosystem.

While our focus above is on social sector organizations and their capacity to participate in social innovation processes, we do not assume that social innovation only happens in the social sector; it is an approach required and applied across all sectors. Divisions between various "sectors of activity" partly reflect administrative boundaries attached with policy-makers' portfolios (e.g., ISED vs ESDC). Building capacity for social innovation at the systems-level requires that we attend to the actual reality of social ecosystems and social infrastructures in place - not administrative silos that bind and limit social innovation. Only then can we shape and shift institutions in a way that legitimizes and supports social innovation.

Mapping ALL the resources and relationships

When asked to describe and/or map resource flows, Research, Development and Innovation (RD&I) stakeholders generally assume that Canada's innovation strategy revolves around models like the one illustrated by Figure 1:

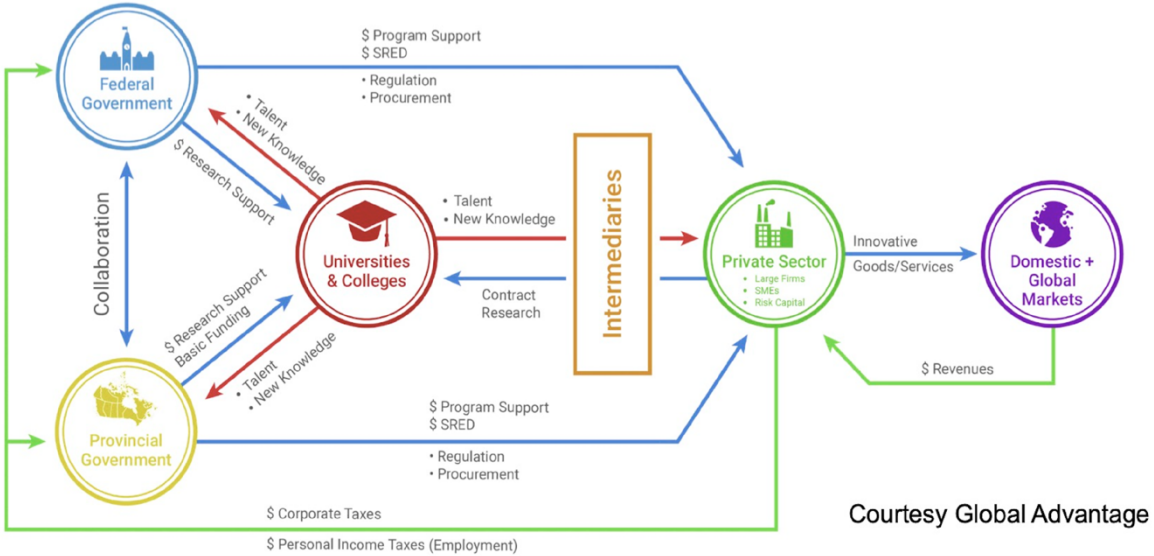


Figure 1: Flow of Resources in the Canadian Research, Development and Innovation Ecosystem

Figure 1 can be used as a prompt to think about the relationships between institutional stakeholders in the Canadian economic impact space and standard efforts to conceptualize the flow of resources we associate with traditional innovation, i.e., impact models that revolve around commercialization and commercialization-adjacent processes for scaling and mass adoption. However, Figure 1 fails to do justice to those resources and processes that contribute to innovation beyond traditional models of impact. Specifically, it fails to conceptualize the flow of resources to social innovation stakeholders - enablers and actors. To identify and resource strategies for developing capacity at the systems-level, mapping must go far beyond what Figure 1 proposes. Below are some considerations.

A resource flow map that makes explicit those aspects of economic and social impact that pertain to social systems innovation would map the contribution of a number of additional stakeholders. At the very least, it should include all sector or social and economic activities, including for instance the nonprofit sector (which represents on its own 10% of the Canadian GNP). In turn, universities and colleges should be understood to play a role in innovation much beyond the functionalist relationships they entertain with private sector partners. Universities should also recognize education, health and social services as primary knowledge users and offer an account of the way they contribute and support economic impact and growth.

Understanding Social Innovation Design and Scaling

In Figure 1, the directionality of relationships between higher education institutions and knowledge users in the private sector is premised on a “deficit” model or approach to solution design and knowledge mobilization. On a deficit model, research is produced to address gaps in industry. Deficit models of knowledge mobilization are biased toward functionalism about innovation design and overwhelmingly favour commercialization and a mass adoption approach to scaling.

However, functionalist approaches to innovation are not designed to shape and transform demand, especially demand for innovation rooted in the need to address complex social issues. Functionalist approaches to innovation are designed to answer demand, not to transform it. As a result, need-driven, solution-focused functionalist approaches to innovation fall short of effecting sustainable change at a systems-level.

By contrast, transformational social systems innovation approaches to knowledge mobilization and knowledge use are generally premised on an “asset-based” model that puts place-based connectivity and co-creation at the foundation of collaborative design processes. Designing and scaling systems innovation thus takes a distinctive form: rather than relying on mass adoption and dissemination across a “market” to respond to existing demand, social innovations are designed co-creatively and scaled through iterative place-based replication aimed to transform deep, wide, and, eventually, up through systems.

In transformationalist social systems innovation contexts, replication requires iteration because the effectiveness of solutions to wicked problems is deeply dependent on context and not one-size-fits-all. This is also why creating or adapting solutions requires learning about what is needed by a community. To create and adapt solutions to meet similar needs in different communities, there must be systems-level capacity to establish and support relationships and trust that are the condition for successful iterative replication (Moore et al., 2015; Nardini et al., 2022; Pirotti et al., 2021; Westley et al., 2014). Connected ecosystems have the capacity to reflect and change, that is, to respond to challenges through social innovation.

The Role of Enablers

Social systems need to be coordinated intentionally. What sort of governance can help prevent fragmentation and increase connectivity? Should efforts and access to funding, platforms and tools be centralized? Or would the apparatus to support social innovation be more effective if it were distributed to accommodate place-based ecosystems? Answers to these questions all rest on an important distinction between “actors” and “enablers” in the social innovation ecosystems.

In social innovation ecosystems *enablers* include organizations that intentionally support knowledge exchange, knowledge mobilization and knowledge use. Innovation is driven by knowledge and supporting social innovation at the systems-level requires thinking about knowledge and learning as key elements. Enabling intermediaries can play a double role guiding and transforming the systems between which they move.

On the one hand, enabler organizations can **serve as a catalyst by articulating the narrative and/or the strategic vision** around which social innovation actors cohere in a given context. Narratives have the capacity to support or transform the status quo and effective narrative formation and communication are crucial for creating and sustaining transformational social innovation (Lenz and Shier, 2021, p. 465-66). Narratives support collective agency by coordinating actors and fostering social capital. They help actors navigate tensions inherent to the collaborative nature of social innovation processes and streamline change as result of consensus-oriented dialogue and coordination (Lenz and Shier, 2021, p. 466-67).

Enablers also play a role in **creating the dynamic, living repositories (or laboratories), where knowledge and expertise are curated and retrieved**, offering social innovation actors the education tools and resources they need. As such, enablers should be seen as facilitators of collaborative practices that drive ecosystem connectivity. The deeply collaborative knowledge practices that underpin social innovation produce a rich and complex environment, but it is not without its own risks. Knowledge can be lost (or stolen), power imbalances between differently situated partners can erode trust and reciprocity, and competing interests and goals can divert and slow progress (Vivona, Demircioglu, and Audretsch, 2022).

There is an important distinction to be made between enabler organizations in the social innovation ecosystem and individual champions and bridging agents, i.e., individuals who possess the knowledge and experience to advocate, translate, and facilitate. Enabler organizations in the social innovation ecosystem are often “boundary spanning organizations” that play a primary role in crafting and facilitating learning networks that bring actors together and provide essential support for knowledge generation, exchange, and absorption. Social innovation champions may play an important complementary role: they can marshal the will to shape organizational cultures, routines, and practices to ensure the absorption and exchange of knowledge. They can also provide clarity and guidance around missions, values, and partnerships in organizations wanting to build capacity for social innovation, which is an important factor in developing capacity at a systems-level.

In this context, governance is potentially a topic of great relevance. In particular, boards sometimes lack the knowledge and motivation to push through innovative solutions to complex social problems. Shared leadership is sometimes presented as a means through which we can transform traditionally more bureaucratic relations, which in turn could transform social dynamics and redefine power relations between government and social sector organizations (Lenz and Shier, 2021). Arguably, such transformations are necessary in both actor- and enabler-organizations.

Next Steps

Given the importance of community input in generating an inclusive narrative around social innovation, garnering input from community stakeholders on their perceptions of social innovation and their role within it could serve a double purpose: generating an inclusive narrative while at the same time educating stakeholders who need clarity around the concept. Several suggestions were made as to devices that could support the effort:

- The production of case studies that demonstrate and outline successful social systems innovation processes.
- A review of literature and/or study of historical and cultural drivers and barriers to building capacity for social innovation at the systems-level in Canada that

could increase relevance to attract system-level support and illustrate how social innovation shapes Canadian identity.

- An ecosystem map of the current social innovation activities in Canada, specifically Social Innovation Labs.
- Research and Development of a revised/reimagined Innovation Resource Flow Map that includes social innovation.
- Follow-up workshops, possibly re-convening participants.



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Appendix

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17 May 2023, McMaster University

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- Brent McKnight, DeGroot School of Business
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