

Social Innovation, Financialisation and Commodification: A Critique of Social Impact Bonds



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Structure of Presentation

- **Introducing Social Impact Bonds (SIBs)**
- **Case for and against SIBs**
- **Evaluation challenges and implications**
- **Commodification and Financialisation in social policy**
- **Participatory Policy Development and Evaluation**
 - **Q Methodology**
- **Conclusions**
- **Questions and discussion**

Introducing Social Impact Bonds

- SIBs lever private investment to fund (innovative?) social interventions
- Investment ≠ grant nor donation
- Investor receives return and dividend if performance targets are met
- But lose investment if targets are not met
- Dividend is funded from putative future savings
- ‘Win - win - win’ scenario for taxpayers, service providers and investors
- 32 SIBs operate in the UK
- UK government 2015 Autumn Statement pledged further £25 million funding for SIBs
- Minister for Civil Society: SIBs will ‘revolutionise’ third sector and social service funding
- SIBs market in Britain worth £1 billion by 2020
- About a dozen countries explored or implemented SIBs
- But critical appraisal required of practice and principles

Debating SIBs

- **Some arguments in favour of SIBs:**
 - **financial returns incentivise transparency**
 - **provide secure up-front funding to service providers - facilitating experimentation**
 - **focus on delivering outcomes improves performance monitoring**
 - **'black box' approach to service delivery frees providers from regulation and oversight**
- **Some arguments against SIBs:**
 - **no evidence yet of service improvements**
 - **technically demanding and time-consuming, e.g. transaction costs**
 - **impact needs to be sustained to justify claim of long-term savings**
 - **'black box' implementation a myth: service providers heavily supervised by funders and intermediaries**
 - **do not address 'upstream' structural causes but merely site of problems**

Evaluation Challenges - and implications

- Two related aspects to ‘attribution problem’:-
 - (i) understanding causality
 - (ii) complex interventions and wicked social problems
- Two broad ontological approaches to evaluation:
 - ‘Positivist’ - evidence-based policy (EBP): RCTs regarded as scientific ‘gold standard’
 - Phenomenological / interpretive - abductive reasoning from incomplete / imperfect data
- Two broad types of intervention:
 - (i) ‘technical’: simple responses and uncomplicated changes, e.g. increase service *use* - uptake of vaccinations
 - (ii) ‘transformative’: generate changes in dynamic conditions ↔ actions, e.g. tackling obesity, health inequalities, urban regeneration
- Transformative interventions address complex conditions and wicked issues
- Transformative interventions are situational, relational and context-specific
- Transformative interventions must be developed interactively *with* service users not ‘doing *to*’ them

Evaluation Challenges - and implications

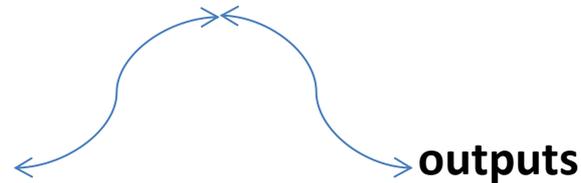
- **Policy is a relationship not a technical process: *how* a service is provided and perceived is inextricably linked to its effect**
- **Ernest Bevin: ‘You can make your rules as nice as you like, but it is the person who administers them who counts, and the spirit of administration is, after all, the governing factor’**
- **Transformational social interventions must engage with minds and self-perceptions of those they seek to help**
- **RCTs and cruder EBP regard policy as complicated input → output mechanisms**
- **‘Outcomes’ a misnomer: policies do not ‘produce’ end states**
- **Best practice ≠ uniform standardisation**
- **Wicked social problems are complex, multidimensional, multi-layered and contentious**
- ***Not* simple and amenable to technical fixes, itemised outcome indicators nor clear ‘bottom lines’**

Commodificaiton and Financialialisation

- **SIBs express 'de-politicised' conception of policy: government role is to commission interventions**
- **SIBs recommonify public services**
- **Financialisation: market principles, transactions and mechanisms penetrate non-economic spheres**
- **Social relationships monetised**
- **Polyani: human capacity becomes a 'fictitious commodity'**
- **Service users reclassified as 'customers' but don't possess consumer sovereignty - little 'market' choice, minimal purchasing power and non-pecuniary relationship with suppliers**
- **Citizens' welfare entitlements transformed into contracts between stakeholders**
- **Service users become 'externality' in transactions between principal stakeholders**

Participatory Policy Development and Evaluation

- **Challenge of distinguishing between causes and mere associations**
- **‘Theory of change’**: postulates input-outcome sequence and associated indicators
- **Strict theory of change invalid for complex multi-dimensional issues**
- **Destination can be envisioned but route cannot be fixed in advance**
- **Interventions must be improvised and revised reflexively with changing conditions and service users’ responses**
- **Collaborative policy making required for fluid and complex challenges**
- **Complexity means dealing with ‘instability, irregularity, difference and disorder’ (Stacey, 1996: xix-xx)**
- **Simon, 1962:**
 - **emergent properties**
 - **non-linear relation between inputs**
 - **feedback loops**
 - **spontaneous order and dynamic equilibrium possible**



Participatory Policy Development and Evaluation

- **Contingent estimates of general relative effects is possible but precise outcomes cannot be specified**
- **SIBs incentivise a focus on what can be measured ≠ what matters**
- **Medical Research Council: ‘complex’ intervention = ‘several interacting components’**
- **MRC evaluation guidance recommends first step: understanding subjects’ views and how they understand their condition and treatment**
- **Q methodology is one way to engage with service users’ perspectives**

Conclusions

- **SIBs are ‘neither a panacea nor a guarantee - a new form of contract does not magically produce the dogged, determined, adaptive delivery that we know is a prerequisite for creating transformational change’ (North, 2016)**
- **SIBs illustrate limits of EBP: enthusiasm is ideologically not empirically based**
- **SIBs are a marketing rather than substantive success**
- **Plausibility reflects dominance of commodification and financialisation in social policy**
- **Need to challenge hegemony of market principles**
- **Need to rehumanise social policy: reclaim spheres of life which lie beyond the scope of the market**

Thank you for listening

Questions....?

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